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NEWS SUMMARY

GENERAL

Scargill walk-out over closures

Miners' president Arthur Scargill walked out of a meeting with the National Coal Board after 3½ minutes to threaten industrial action in the coalfields.

"He said the board has 'reneged on an undertaking,'" given on May 19, to produce a list of pits due for closure.

Mr Scargill added that if the board did not withdraw plans to cease production at Snowdown colliery in Kent the NUM executive would decide on industrial action at its meeting on Thursday. The decision would then be put as a recommendation to the union's annual conference in Inverness, the following week. Back Page

Row looming

Mrs Margaret Thatcher faces a growing row over the form of the promised inquiry into the origins of the Falklands crisis and over her actions in the weeks preceding the Argentine invasion. Back Page

Foot firm

Labour leader Michael Foot appeared to rule out any chance of the Militant Tendency remaining in the Party after the autumn. He said he was prepared to ride out any storm of protest from the far Left. Back Page

Spies jailed

Latin Americans Luis Garcia Fernandez and Antonio Sanchez were jailed for seven years at the Old Bailey, for spying for Cuba.

Mugabe attack

Gunmen attacked the homes of Zimbabwe Premier Robert Mugabe and his cabinet colleague Enos Nkala. Neither was hurt. Page 4. Former Rhodesian Premier Ian Smith was "comfortable" in hospital after collapsing in Parliament.

Briton 'guilty'

British archaeologist Ralph Wilson was found guilty in Kabul of subversion and smuggling ancient treasures from Afghanistan. Sentence has not been announced.

Curfew to end

Overnight curfew in Warsaw is to be lifted from July 1, the Polish martial law authorities said.

Border protest

The council of La Linea de la Concepcion, near Gibraltar, asked residents to turn off lights for five minutes in protest at Spain's decision to postpone opening the border with the British colony.

Library wrecked

About 50 demonstrators, said to belong to India's Communist Party, wrecked the American Library in Calcutta.

Test score

England were 239 for five (Botham 60 not out) after the first day in the Second Test against India, at Old Trafford.

Cheer for Scots

Hundreds of soccer fans cheered the Scottish World Cup squad when they arrived at Glasgow. In Spain, Algeria beat Chile 3-2 and France drew 1-1 with Czechoslovakia.

Briefly . . .

Three people were killed when snipers fired on a group fishing in Columbia, Tennessee.

Brussels is spending £3,400 on special holsters for left-handed policemen.

Denmark, Norway and Sweden are to re-establish diplomatic links with the Vatican. They were broken during the Reformation.

BUSINESS

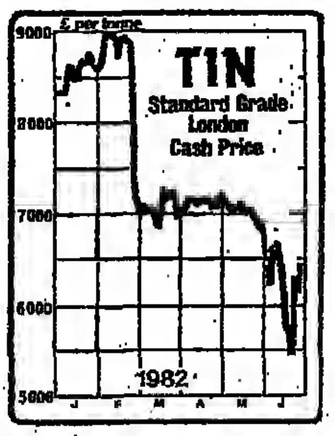
Gilts up 0.32; £ gains 45 points

● STERLING rose 45 points in London to $1.7365. It eased to DM 4.285 (DM 4.29), FFr 11.885 (FFr 11.9051), SwFr 3.6475 (SwFr 3.6625) and Y442.5 (Y443). Its trade-weighted index was 91.4 (91.3). Page 32

● DOLLAR fell to DM 2.4655 (DM 2.475), FFr 6.845 (FFr 6.875), SwFr 2.1 (SwFr 2.114) and Y254.6 (Y255.6). Its trade-weighted index was 120.4 (121.3). Page 32

● GOLD rose $5.5 to $307.5 in London. In New York the Comex June close was $304.3 ($308.5). Page 24

● TIN PRICES continued to rally following the decision to operate the Sixth International



Tin Agreement from July 1. The London cash price closed £30 up at £6,440 a tonne for a two day rise of £295. Page 24

● EQUITIES turned back after early firmness. The FT 30-share index closed 1.7 down at 554.2. Page 31.

● GILTS: the Government Securities index closed 0.32 up at 69.07. Page 31.

● WALL STREET was 3.05 down at 810.12 near the close. Page 30

● EUROPEAN COMMISSION has cut third quarter production quotas for EEC steelmakers by up to 20 per cent because of falling demand. Back Page

● BELGIUM has set a target of 1986 for ending foreign borrowings by the State. .

● PUBLIC SECTOR would retain access to half the oil produced from each North Sea licence, Energy Secretary Nigel Lawson said. Page 10; Oil spot prices, Page 24

● BRITISH GAS is planning to build a £15m waste heat recovery plant, said to be the first of its kind in Europe. Page 8

● LONRHO executives clashed with House of Fraser directors at the group's annual meeting over the right to issue more shares. Back Street; Details, Page 22

● BURNLEY and Provincial are planning the largest merger in building society history. Page 8

● MASTERCARD, the U.S.-based credit card association, is opening its first London office. Page 9

● ENGINEERING apprenticeships are expected to be a record low of 8,950 this year, compared with over 25,000 in the best years of the 1960s and 1970s. Page 9

● TRUSTHOUSE FORTE made lower taxable profits of £12.1m against £14m for the half year to April 30. Page 20; Lex, Back Page

● REDLAND, supplier of construction materials, saw pre-tax profits fall to £43.51m (£46.76m) for the year to March 27. Page 20; Lex, Back Page

● SANGERS, the photographic and pharmaceutical distributor, lost £2.94m (£5,000 profit) before tax in the year to February 28. Page 21

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treas. 13pc 2000	£95	+ ½
Abercom	97	+ 5
BAT Inds.	448	+ 8
Baker Perkins	107	+ 6
British Sugar	480	+ 10
Chubb	114	+ 4
Firth (G. M.)	148	+ 8
Fisons	362	+ 9
Haynes Publishing	138	+ 8
Lloyd (F. H.)	31½	+ 4
McCarthy and Stone	178	+ 10
Metal Box	156	+ 4
Polly Peck	347	+ 5

Trust Securities	79	+ 11
United Gas	90	+ 7
ORE	220	+ 30
Boffels	£12½	+ ½
De Beers Defd	186	+ 10
Driefontein	948	+ 79
Harteheest	£17¼	+ 1
President Steyn	£10½	+ ½
West Rand Cons	60	+ 8
FALLS		
Bowater	199	− 4
Cable and Wireless	280	− 7
Ferranti	730	− 15
KwikFit	43	− 3

Weighell calls on miners to back total rail stoppage

BY JOHN LLOYD, LABOUR EDITOR

THE RAIL STRIKE called from next Monday now appears inevitable. Mr Sidney Weighell, general secretary of the National Union of Railwaymen, yesterday issued a call to area leaders of the mineworkers' union to strike for one or two days next week as a gesture of solidarity with railwaymen. He also called on them to ensure that coal supplies to power stations, normally moved by rail, would not be transported by road.

Mr Weighell said: "We are going to win and I will use all the resources of this union. This will be a tough and rough battle which I would prefer not to be in. It is not of my choosing."

Two moves to avert the strike were under way yesterday, but neither held out much prospect of success.

The Advisory Conciliation and Arbitration Service called in all parties for separate talks. However, ACAS officials were privately deeply pessimistic of having any effect in the two remaining days.

Mr Tom Jenkins, general secretary of the Transport and Salaried Staffs Association, has called for the pay dispute to be referred to the railway staff national tribunal, and Mr Ray Buckton, general secretary of the train drivers' union Aslef, said that all negotiating procedures had not yet been exhausted.

However, Mr Buckton conceded that there was little possibility of the strike being called off. He said the railway system could not run without the participation of NUR members.

British Rail began posting notices at all main-line stations, warning passengers that the service could begin to close as early as Sunday afternoon. The notices exhort staff to report for work on Monday and say an attempt will be made to run some services.

The Prime Minister told the House of Commons that a strike would "bleed the railways of financial investment."

Editorial Comment, Page 18
Scargill threat, Back Page

Tube system will close today

THE EXECUTIVE of the National Union of Railwaymen (NUR) last night called out all 14,000 of its London Underground staff on official strike from midnight. The move came a few hours after an agreement with London Transport (LT) appeared to have been clinched, writes David Goodhart.

The system will now be completely closed, including the Victoria Line and the small number of shuttle ser-

Continued on Back Page

Health Service workers to stage three-day stoppage

BY IVO DAWNAY, LABOUR STAFF

HEALTH SERVICE unions in the TUC yesterday announced plans to step up their action in pursuit of higher pay with a three-day national stoppage from July 19-21. But at a separate meeting the Royal College of Nursing, representing 180,000 NHS nurses, found itself totally split over whether to pursue further negotiations on the Government's 7.5 per cent pay offer.

The TUC Health Service Committee's new strike call came after officials from all 11 affiliated unions, representing 600,000 staff, gave full backing to the negotiators' decision to break off talks with the Government on its final offer of 7.5 per cent for nurses and 6 per cent for ancillary staff and other groups.

The TUC committee, "Totally endorsed the rejection of a deal and appealed to the Congress' 108 affiliated unions, to escalate sympathetic action, on behalf of health workers."

The committee also agreed:

● To increase selective stoppages of key staff groups, such as boilermen, engineers, laboratory and scientific staff.

● To instruct regional co-ordinating committees of Health Service unions to initiate their own programme of one-day strikes before the three-day stoppage.

● To boycott any meeting of the Whitley Councils—the bilateral NHS negotiating forums.

The TUC committee also announced that it would be asking the Advisory Conciliation and Arbitration Service to seek further talks with the Department of Health and Social Security, aimed at persuading the Government to increase its pay offers.

The Royal College of Nursing's labour relations committee split 4-4 over whether to renew detailed talks with management on the Government's latest offer to nurses at a stormy meeting. However, on the casting vote of Mr Ian Hargreaves, the committee chairman, the RCN agreed to return to negotiations next Tuesday.

The Royal College of Nursing's leadership has clearly been shaken by the strength of opposition to a 7.5 per cent settlement within the union. Several non-voting members of the labour relations committee, made clear yesterday that RCN nurses in many parts of the country would find any such settlement unacceptable.

Dame Catherine Hall, the RCN general-secretary, who announced the committee's decision, took care to emphasise that an agreement to renew talks did not entail any commitment to accept the offer.

GEC to develop diagnostic aid

BY DAVID FISHLOCK, SCIENCE EDITOR

A £9m investment in making, marketing and further developing a powerful instrument for diagnosing disease, the Neptune NMR, was announced yesterday by Picker International, a GEC subsidiary specialising in X-ray and other medical equipment.

Picker's initial programme includes assembly of 12 Neptunes, selling at up to £650,000 each, two of which are destined for UK hospitals.

Picker, a U.S.-based company, is involved in a race to deliver the first production model of the machine which uses a new diagnostic technique. It will be available this year. Picker says it is running neck and neck with its closest rival, Technicare, a subsidiary of Johnson and Johnson, the U.S. group.

NMR — nuclear magnetic resonance — is an intricate electronic system for causing atoms of living tissue to ring like bells, with characteristic notes. These signals are arranged electronically into vivid images of living organs and tissues.

The images differentiate clearly between sick and healthy tissue and between different kinds of tissue. They can "immobilise" moving organs such as the heart and can flow through blood vessels.

to compete in important areas

The new medical tool promises to compete in important areas with other advanced methods of medical diagnosis such as the EMI-Scanner, an X-ray instrument, of which there are nearly 100 in UK hospitals.

Clinical trials in Britain, the only nation using NMR to examine patients, suggest the system could be valuable particularly in detecting brain and blood-system diseases, and multiple sclerosis.

Picker, believes that for the first time the U.S. regulatory authorities will accept British safety data and allow the company to export its first production model to the U.S. this autumn.

The company also believes NMR will be valuable for following the progress of disease and its treatment, because medical researchers were unable to detect any side-effects from repeated use of the instrument on patients.

Professor Robert Steiner, director of the department of diagnostic radiology at the Royal Postgraduate Medical School, London, said yesterday that after initial scepticism about the new technique it had moved much quicker in the past year than anyone had expected.

Within another year it could replace the EMI-Scanner in certain areas, Prof Steiner said. He stressed, however, that at present NMR and X-ray scanning were complementary rather than competing techniques.

Using NMR he has examined more than 1,000 people, half of them healthy and half patients. He has been able also to make direct comparisons of images of patients taken by NMR and by X-rays, using the latest EMI-Scanner.

Mr Sydney Carne, Picker's UK director of operations, said he was confident his company would succeed in the U.S. medical market where EMI failed with its EMI-Scanner.

Of the £9m investment nearly 70 per cent was being spent in the UK. Mr Carne plans to deliver at the rate of one NMR unit a month from October.

He predicted sales of NMR imagers would be as high as 250 per year by 1984 but warned that several major electronics groups, including U.S. General Electric, Phillips and Siemens, were working to perfect similar instruments.

IBM and FBI in document liaison

By Louise Kehoe in San Francisco

IBM, the U.S. computer-maker, agreed to release specific documents to the U.S. Federal Bureau of Investigation which later formed the basis of charges of attempting to steal computer secrets against employees of Hitachi and Mitsubishi, two of Japan's leading computer companies.

"We were working together on a day-to-day basis," said the FBI officer in charge of the investigation in San Jose, California. "IBM gave us the material which we sold to the Japanese.

"I was dealing with very senior IBM managers on a national level and very senior IBM security men," the FBI agent said. He also confirmed that the FBI undercover agent who posed as a consultant was a former IBM employee and that the "confidential source" who played a major role in the undercover operation is an IBM security officer.

He added that an IBM representative was present at most of the filmed contacts with the employees of the two Japanese groups.

IBM instigated the FBI involvement in the case by informing the agency that it had found out that a Hitachi employee was trying to get hold of confidential IBM documents.

The FBI then directed their undercover agent, who was already in Silicon Valley dealing with other security issues, to contact the Hitachi engineer and pose as a business consultant working for a fictious company called Glenmar Associates.

IBM was instrumental also in bringing the undercover operation to a close when the sensitivity of property being requested by the Japanese became too great.

In response to suggestions that the IBM property involved in the case could have been obtained legally by the Japanese the FBI agent said the IBM documents, computer parts and programmes were all of a highly confidential nature.

Although the IBM computers and the data-storage unit named in the case are available commercially already, the FBI says IBM has been working on new versions of the machine which have not been released yet. It was on these new versions that the Japanese sought information.

IBM competitors in the U.S., however, suggest IBM may have

Continued on Back Page

Israel captures vital stretch of Beirut road

BY DAVID LENNON IN TEL AVIV AND PATRICK COCKBURN IN DAMASCUS

ISRAEL SAID last night it had captured a vital stretch of the Beirut-Damascus road in Lebanon after a third day of fierce battles with Syrian forces. An Israeli officer described the fighting as "full scale war."

Syrian forces just east of the Lebanese capital Beirut are believed to have been trapped by the Israeli armoured thrust.

During the course of the fighting, Israel claims that Syria attempted to deploy Sam-6 anti-aircraft batteries in the Bekka Valley. The missiles were said to have been attacked and destroyed by artillery fire.

The fighting involved tank battles, artillery exchanges, Israeli air strikes and, for the first time in two weeks, dog fights between Syrian and Israeli aircraft.

Israel said it had shot down two Syrian aircraft. The Syrians admitted two of its aircraft had been hit.

Lebanese state television reported late yesterday that Israeli tank columns had overrun a Syrian strongpoint at Bhamdoun and were approaching the town of Aley. It said this Israeli thrust had cut off Syrian troop concentrations closer to Beirut.

The Syrians have been fighting fiercely to maintain their positions near Aley because they fear an Israeli advance could threaten their troops in the strategically important Bekaa Valley.

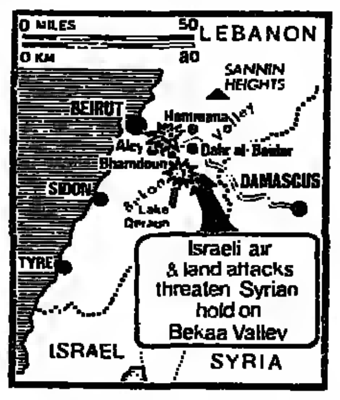
The strength of the Syrian determination was illustrated by the renewed commitment of the Syrian Air Force to the battle. Israel claims to have shot down over 80 Syrian fighters in aerial battles before the June 11 ceasefire.

Israeli forces also bombarded Beirut where some 6,000 Palestinian guerrillas have been under Israeli siege for 12 days.

After two days of relative quiet in the city, Israeli artillery, gunboats and aircraft bombarded positions of the Palestine Liberation Organisation PLO inside the beleaguered western half of the Lebanese capital.

In Jerusalem, the Cabinet met for four hours to hear reports from Mr Menahem Begin, Prime Minister, on his visit to Washington and from General Ariel Sharon, Defence Minister, on the course of the fighting.

Politically informed people in Jerusalem said afterwards that Israel would never leave Beirut until the PLO is forced out of the city. Israel rejected a disengagement proposal put forward by the Lebanese



National Salvation Council.

"The PLO is not in a position to dictate anything to anyone," the Israeli official said. "The only thing they can do is to lay down their arms and leave Beirut."

More than 1,000 Britons, and other foreign nationals boarded ships lying off Jounieh, north of Beirut, yesterday. Officials stressed that this might be the last opportunity for an organised evacuation. Several thousand Lebanese are also waiting at Jounieh for a ship to Cyprus.

President Mubarak of Egypt sent a message to President Reagan yesterday urging him to intervene. In the crisis and force Israel to lift its seige of Beirut. He said a "decisive measure" was required by Mr Rean as a prelude to full withdrawal from Lebanon.

In Israel, newspapers reported that some ministers were suspicious of General Sharon's intentions and believed that he deliberately sought to broaden skirmishes with the Syrian Army into full-scale battles.

Some ministers were also reported to be worried by the Defence Minister's attempts to justify a possible future land attack on the Palestinian refugee camps in southern Beirut by claiming that this would not constitute entry into the western half of the city — something which the Cabinet has barred so far.

Mr Victor Shem-Tov of the left-wing Mapam Party, which is aligned with the opposition Labour Party, yesterday called on General Sharon to resign because the war, supposed to last no more than 24 hours, is now in its 19th day.

The resignation call came when the Defence Minister appeared before the Knesset Foreign Affairs and Defence Committee.

Israeli soldiers, Page 3

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For latest Share Index phone 01-246 8026

Jonathan Carr in Bonn examines the background to the U.S. decision on the East-West gas pipeline project

Trade sanctions widen gulf in transatlantic strategy

DID President Ronald Reagan make his latest move against the East-West gas pipeline project in a fit of pique over European leaders who opened their mouths too wide?

This indelicate question arose at a conference in West Berlin this week, organised by the private Aspen Institute and attended by economic experts from government, academic and business life on both sides of the Atlantic. The answer which emerged seems peculiarly worrying for Europeans and Americans alike.

On the face of it, the Europeans had cause to be baffled and angry by the new U.S. decision, which blocks manufacture in Europe under licence of U.S.-designed equipment for the pipeline. After all, Mr Reagan's move came only a few days after the Western Economic Summit conference in Versailles and the Nato summit in Bonn, when an "understanding" seemed to have been reached about how East-West trade issues should be handled in future.

The Berlin discussions showed, however, that the Americans had gone to Versailles prepared to conclude a kind of package deal involving four main elements: currency stability and official market intervention, the "global negotiations" associated with the North-South dialogue, the specific issue of East-West trade, and the broader one of free trade and fair competition (both including the question of export credit interest rate subsidies).

Despite the elegant formulae found by all sides at Versailles to indicate that the conference had been "a success," the U.S. clearly left dissatisfied.

It felt it had shown flexibility on the first two issues. It had agreed to look seriously at the question of more intervention to help stabilise the currency markets (although it continued to believe that such action would be counter-productive). And it had given the green light to the "global negotiations" through the United Nations (although it felt the unwieldy discussions would simply be a waste of time and breath).

On the other hand, Washington felt that on the trade issues—where it greatly hoped for movement—its partners had given away virtually nothing.

Economic warfare

This feeling of dissatisfaction by the U.S. was evidently increased by public statements made by some European leaders in the wake of Versailles. Among them were the comments of President François Mitterrand to a U.S. newspaper, that France would not support economic warfare against the Soviet Union and that it was not bound by the summit declaration to cut the amount of credit it extended to Moscow.

It was in this context that President Reagan moved to toughen sanctions affecting the Soviet-European pipeline, which the U.S. has long opposed on grounds it could make its allies too dependent on Soviet energy and provide Moscow with much-needed hard currency.

The upshot is that the Europeans may have stimulated quicker — and perhaps tougher —action on sanctions from the U.S. than would otherwise have been the case. A strong element of pique does seem to have been involved in President Reagan's decision. But that is far from the whole story. The more disturbing point is the wide, and apparently growing, difference of strategy between the U.S. and Europe — which is emphasised, not created, by the public rhetoric.

It would be wrong to suggest that at the Berlin conference all Americans were clearly united behind President Reagan's strategy, or that the Europeans were at one in their views. Nonetheless a potentially explosive mix of transatlantic discord did broadly emerge from the discussions on the following lines.

The Europeans see the U.S. failure to hold down its budget deficit as the key (though not the only) factor keeping real interest rates high throughout the Western world. This in turn depresses investment, holds back economic growth, increases unemployment and brings social—as well as political—strain.

In this context, economic sanctions against the East are seen as adding insult to injury, endangering still more jobs without any certainty that a desirable change in Soviet policy, notably in Poland, can be achieved in this way.

This point was dramatically underlined in Berlin. While the economic conference met in one part of the city, shareholders of the giant AEG-Telefunken were meeting in another part to discuss how to save the ailing concern, whose turbine-making subsidiary is particularly hit by the latest U.S. move against the pipeline. It would be most unfair to blame the U.S. for AEG's plight but the danger of a linkage in the public mind is clearly there.

Potential enemy

The U.S. see complaints about interest rates at least partly as a cover-up for failings in domestic European policy. They insist they do not want an economic war against the Soviet Union. But they ask what is the point of struggling to find the cash to finance defence in the West on the one hand, while subsidising, through cheap interest rates, exports to potential enemy countries on the other.

They were constantly told by the Europeans (notably West Germany) that the key reason for the gas pipeline deal was an energy-political one. But Washington gained the impression that behind that argument lay the strong desire to push ahead with the project, above all to prove that détente was an economic success.

The clear forum to face the challenge of these inter-related problems is an economic summit—but most participants in Berlin agreed that the Versailles gathering had been a flop (though for different reasons). The Europeans were anxious to give the U.S. a foreign-policy alibi in Versailles for changing its domestic economic strategy, but Mr Reagan seemed not to be interested. The Americans thought they were being flexible but gained nothing in return. Now both sides seem bent on public recrimination, thereby intensifying the difficulties still further.

Bonn opposes trade war, Page 6

Solidarity call to avoid clashes

By Christopher Bobinski in Warsaw

SUPPORTERS OF Poland's Solidarity union movement have been advised by their leaders on the run from the authorities that they should avoid clashes with the police when anniversaries marking protests by Polish workers occur in the next few days.

Today is the sixth anniversary of protests in Radom and at Ursus tractor factory outside Warsaw against food price rises. And 26 years ago next Monday workers in the western city of Poznan demonstrated in the streets for better conditions.

These events will be commemorated by church services in those cities. Similar occasions in recent weeks have erupted into clashes with security forces.

Solidarity activists are now saying that their supporters should limit themselves to attending the Masses and maybe laying flowers at the appropriate monuments.

The anniversaries fall as the Polish Roman Catholic Church and the regime are engaged in a set of delicate talks on whether, and for how long, the Pope should come to Poland in August.

Any repeat of civil disorder would prejudice the chances of a visit. The union's activists have this in mind, as well as the fact that many are intent on conserving the movement's energy for a general strike in the autumn.

General Czeslaw Kiszak, the Interior Minister, has meanwhile told a delegation of women that there "was no rational basis for suggestions" that it was the authorities who had been provoking the recent clashes." He called the demonstrations in May and June a "trial of strength with the opposition" and one of "many which are yet to come."

The debate is continuing inside Solidarity on whether to call a general strike.

Mr Zbigniew Romaszewski, an influential leader of the union in Warsaw, argues in favour of the strike in an interview published in the clandestine weekly Mazowsze. It should be accompanied by street demonstrations, he says, and workers should defend their factories if attacked by security forces.

Mr Romaszewski evidently believes that the Polish authorities' freedom of manoeuvre is limited and that they will only come to terms with the union if urged to do so by the Soviet Union.

As a result, he is pressing for a strike before the expected autumn summit between Mr Ronald Reagan and Mr Leonid Brezhnev, the U.S. and Soviet leaders, thus putting "the Polish question at the centre of world public opinion."

Publication of the interview marks an attempt by radicals in Solidarity's underground leadership to persuade the Soviet Union that they are determined to fight for the union's rights, although Mr Romaszewski hints that it would accept a moderate programme once the union was restored.

Other voices, however, are being raised against a general strike. Another Warsaw clandestine publication recently wrote that "any confrontation will be brutally crushed by the authorities" and that plans for a strike only favour those in the establishment "who want to use force."

The main criticism is that the movement has failed to outline a coherent programme. "Before we call a general strike we must have a clear idea of the aims which it is to achieve," the paper says.

PROBLEMS OVER SPAIN AND PORTUGAL ENTRY 'SURMOUNTABLE'

Brussels says larger EEC is goal

BY JOHN WYLES IN BRUSSELS

THE European Commission was reluctant to acknowledge yesterday that there is any weakening of political will in the EEC in favour of bringing Spain and Portugal into membership. This is despite the public airing in Madrid of President Francois Mitterrand's deep anxieties on the subject.

A spokesman said yesterday that the political will still existed in all member states. The negotiations with Spain and Portugal had run into difficulties, but these were "surmountable."

However, M Mitterrand's warning that Spanish entry "would mean an unfortunate state of anarchy" for the Community has caused surprise and some perplexity in the Commission. Officials hope that at next week's Community summit in Brussels the French President will explain whether he wants enlargement negotiations to continue or not.

The indications are that there is less surprise in Madrid. The Government there does not believe apparently that it is at the receiving end of a French veto but rather that M Mitterrand intends to impose a pause in the negotiations with the EEC.

The effect of his speech on Tuesday night has been to dash all hopes in Madrid of completing the membership negotiations by the end of this year in time for formal accession to the EEC in January 1984.

Commission sees recession's end

BRUSSELS — EEC economies should emerge decisively from recession next year and register growth of about 2.6 per cent against 1.5 per cent this year, according to a European Commission report.

The confidential report, made available to Reuters, will be discussed by Community leaders at a summit meeting in Brussels next Monday and Tuesday.

Inflation in the EEC will drop into single figures in 1983 for the first time in three years, the report says. The predicted growth figure for this year of 1.5 per cent compares with earlier estimates of 2 per cent growth. Community output fell by 0.5 per cent last year.

It says, however, that recovery could be threatened by high interest rates, particularly in the U.S. "These will exert a determining influence on the very existence of a recovery in the EEC in 1982-83 because of their enormous impact on investment," it says.

The Commission report predicts U.S. interest rates will ease in the coming months. This, combined with the likelihood of reasonable stability in oil prices, could give decisive impetus to the long-delayed recovery, it says.

"Growth in 1983 will be fuelled above all by an acceleration of investment and a fairly strong recovery in private consumption."

Reuter

Although the President was referring specifically to Spanish membership, it is thought that his aim is to question the wisdom of bringing both Spain and Portugal into the Community at a time when so many of the EEC's basic problems are unresolved.

In particular, it is clear that the two countries cannot be accommodated within the EEC's present budgetary framework and the intention of M Mitterrand's somewhat brutal initiative may be to force the Ten to face up to this fact.

The EC looks likely to be spending all the money available to it under current rules within the next three years, if the resources need to be increased to finance a Community of 12, then it has to be decided who is going to pay for it.

West Germany is strongly committed to enlargement, but equally strongly opposed to raising its financial obligations to the EEC—already the largest in the Community. All other member states, except Britain, draw more money from the budget than they pay in, and they have to face up to the fact that enlargement may put an end to this satisfactory situation.

Negotiations with Spain and Portugal are due to continue at official level next month, after ministerial talks this week. The Community's meeting with Spain on Monday threw up some considerable difficulties but, by contrast, the negotiations with Portugal made unexpectedly good progress.

Diana Smith adds from Lisbon: Since Portugal has been Assured repeatedly by the Community that it would not be penalised because of any negotiating problems the EEC might have with Spain. As a result, there was no dramatic reaction in Lisbon yesterday to M Mitterrand's speech in Madrid.

Portuguese negotiators made considerable progress at this week's meetings in Luxembourg with the Council of Ministers on the questions of customs union (excluding the thorny textiles issue), taxation, foreign relations and the European Coal and Steel Community.

Netherlands postpones gasification plant plan

By Walter Ellis in Amsterdam

GASUNIE, the Dutch natural gas corporation, is to postpone construction of a Fl 3.4bn (£718m) coal-gasification plant at Eemshaven, near Groningen, for at least a year.

Mr Jon Terlouw, Minister for Economic Affairs, said in a letter to parliament in The Hague yesterday that the economic risk was too great in present circumstances and that be bad agreed, reluctantly, to Gasunie's request for a deferral.

Three weeks ago Shell announced that it was abandoning plans for a similar, smaller plant outside Rotterdam. Now only Esso is going ahead with construction.

Gasunie has forecast that coal prices in the Netherlands will rise by 20 per cent this year. Such a development, it says, would make coal-gasification uneconomic.

At present prices, Gasunie estimates that the Eemshaven project could make annual profits of up to 11 per cent of operating costs. But over the 15-year life of the plant, this would leave an overall loss of Fl 250m—taking into account the total investment cost if coal prices rose, the loss would be Fl 750m.

Mr Terlouw said that the financial risk was high, the energy market uncertain and the cost of coal—raw material—likely to increase. He recognised that the project would have created 1,000 new jobs in the deprived north of the country but felt that it would be best to re-examine options in a year's time, when price trends become clearer.

Two years ago, coal-gasification was seen as an energy growth area as the Netherlands looked ahead to the end of natural gas production. Today the picture is changed. Gasunie—jointly owned by the government, Shell, Esso and Dutch state mines—is continuing to concentrate on flagging gas sales and does not feel it has the resources for an installation of uncertain viability.

When Shell cancelled its wholly-owned venture in coal-gasification Esso responded by saying that its Fl 525m plant, sited in Rotterdam's Europoort, would be less profit-orientated and more of a technological experiment. Gasunie and Shell will no doubt monitor the experiment with interest.

General strike will bring Italy to standstill today

BY RUPERT CORNWELL IN ROME

ITALY will be crippled by a one-day general strike today amid signs of growing difficulties for the government over the package of public spending cuts and taxation increases urgently needed to tackle the public sector deficit.

The strike, which will affect industry badly, has been called in protest at the decision by Confindustria, the private industrialists' association, to break the existing seven-year-old *scala mobile* agreement on wage indexation, and its refusal to begin talks on new three-year wage contracts for key sectors of the economy.

Recently, Confindustria's move has been followed by other employers' associations — paving the way for difficult negotiations to find an alternative means of indexation, which reduces the growth of labour costs.

The extent to which the strike call—which will also affect transport services, though to a lesser degree—is followed will be watched particularly closely in Rome.

The new strains in relations between the two sides of industry is also complicating the government's search for a consensus on measures, already overdue, to bring the public sector borrowing requirement this year back within the previous ceiling of L50,000bn (£20bn). If nothing is done, Sig Benamino Andreatta, the Treasury Minister, declared this week, the deficit could reach 69,000bn.

While the Christian Democrats have emphasised the need for severe and painful cuts, the Socialists remain anxious not to alienete support in the union movement, and are still reluctant to endorse such measures.

Sig Giovanni Spadolini, the Prime Minister, in effect admitted in parliament this week that he was powerless to act without prior agreement between the five parties in the present government.

Whether this can be achieved will become clear only at the frequently postponed round table talks between the coalition partners, which will determine the fate of Sig Spadolini's year-old administration. But fears are again widespread that differences between the two main government parties could prove insuperable—in which case a fresh government crisis, possibly leading to early general elections, may be inevitable.

Norway to use new drilling rig

By Maurice Samuelson in Tromso, Norway

THE FIRST of a new generation of drilling rigs for oil and gas exploration hundreds of miles north of the Arctic Circle is to be ordered this year for use by Norsk Hydro, in which the Norwegian Government has a 52 per cent stake.

The rig, which could cost around $120m (£66.6m), will be ordered by one of a group of Norwegian drilling companies with which Norsk Hydro has been discussing its technical features.

These features would include advanced de-icing equipment to enable it to drill throughout the year.

The Norwegian Government has been extending the offshore drilling season, and year-round drilling is likely in 1985 or 1986.

Rigs in use will also be permitted to operate throughout the year if their de-icing equipment is adequate.

However, the new rig, code-named Rig 85 in Norsk Hydro's development plan, will also differ from conventional ones in having its working area fully enclosed.

Handling the heavy drilling sections and equipment, at present one of the most demanding physical jobs on a rig's drilling floor, will be fully automated.

Haughey wins close vote

By Our Dublin Correspondent

THE IRISH Government of Mr Charles Haughey narrowly escaped defeat yesterday on a vital financial vote. It won a vote on the Finance Bill, which gives effect to the provisions of the budget, on the casting vote of the Speaker, Dr John O'Connell, an Independent MP.

The vote which brought the deadlock was on the section of the Bill relating to income tax allowance and tax exemptions for the lower paid.

Crooks and Gaullist cash back political group, claims report

BY DAVID WHITE IN PARIS

A "HIERARCHICAL, cloistered and occult" private militia, ranging from former Resistance fighters to small-time crooks, involved in hold-ups and heroin smuggling and financed by gifts from Gaullist political parties: such is the portrait of the Civic Action Service (SAC), an officially registered organisation, drawn up in a report released yesterday by a parliamentary commission of enquiry.

The report estimates membership of the SAC at between 8,000 and 10,000. Of these, 5,000 are considered "very active" and between half and three-quarters are reckoned to be members of the neo-Gaullist Opposition party, the RPR.

It names M Jacques Foccart, former chief adviser on African affairs to both Gen de Gaulle and President Pompidou, as the "spiritual father" of the organisation and says that France's counter-intelligence service, the SDECE, may have acted as a channel for its funds.

The 345-page report is the result of six months' work by the commission, formed after a gruesome multiple murder last summer at Auriol near Marseilles, in which one of the victims, a policeman, and the alleged killers were all linked to the SAC.

The 14 people charged after the killing included M Pierre Debizet, known as "Beetle Brows," chief organiser of the SAC since it was formed in 1959 as a kind of Praetorian guard for General de Gaulle.

The commission said the SAC had been acting "in clandestinity" since President Francois Mitterrand's election in May last year. It was up to the Government, it said, whether to dissolve the organisation.

Headed by a Socialist, the commission was originally made up of 21 MPs, but the seven opposition members, four of them from the RPR, pulled out on the grounds that its investigation clashed with that of the examining magistrate.

After sounding almost 100 witnesses, including M Gaston Defferre, the Interior Minister, the commission drew up a list of 78 "affairs" ranging from electoral incidents to arms offences involving the SAC. It said half of these had led to convictions, but that these were only the tip of the iceberg.

It alleges that SAC members "and not just the small fry" had been linked to financial scandals, counterfeiting, various kinds of illegal traffic, robberies and hold-ups.

The "old Gaullists," no longer numerous in the organisation, have been joined by "young fascists," opportunists and criminals, according to the report.

It claims that between 10 per cent and 15 per cent are policemen, and that the organisation has used the police for private purposes, citing as an example the provision of body guards for the wife of President Omar Bongo of Gabon.

It alleges that the SAC is behind the CSL, the right-wing trade union which has recently been involved in violent clashes with striking car workers, and that it has provided companies with strong-arm squads.

In Corsica, it says, it has surfaced in the form of an anti-autonomist body, Francia.

Cash payments into its accounts include donations from industrialists, but most funds doubtless come from the Gaullist movement, the report says. It describes the SAC's relationship with the RPR as one of "affection and collaboration" but says that in last year's parliamentary elections it also worked for candidates from other right-wing parties.

Since the elections, it says, the SAC has probably "taken steps to act by other means" in case of a ban

Fresh bid to end Talbot dispute

BY TERRY DODSWORTH IN PARIS

A FRESH attempt to settle the increasingly bitter three-week-old strike at the Talbot car company's Poissy plant, near Paris, is to be made by a Government-appointed mediator.

M Jean-Jacques Dupeyroux, the lawyer nominated by the Labour Ministry yesterday, was used in a similar capacity recently in finding an acceptable formula to end the equally damaging dispute at the Citroen motor group. His appointment follows the collapse of several different attempts to break the deadlock between Talbot's management and unions.

The dispute at Poissy, which employs about 7,500 workers, is claimed to be costing Talbot about 1,400 units of its Horizon and Samba models a day in lost production. As at Citroen, the largely immigrant workforce is demanding a substantial rise in pay and improvements in working conditions, including increased union rights.

The fact that these demands were largely met at Citroen, which, like Talbot, is part of the Peugeot group, has fuelled the determination of the Talbot workers. In the crucial battle over union rights, for example, M Dupeyroux's recommendations for the holding of new elections at Citroen have just led to a sweeping victory by the Communist-led CGT union over the company-backed CSL union.

The mediator's job, however, promises to be enormously complicated by the newly-introduced pay and prices freeze, which blocks salary increases over the next four months for all but the lowest paid workers. Announcing M Dupeyroux's appointment yesterday, M Jean Auroux, the Labour Minister, said that his task of working out a settlement formula "as quickly as possible" would have to take into account the Cabinet's decisions on prices and pay this week.

So far in the dispute, the unions at Talbot, led by the CGT, have proved intransigent on the pay issue. The most recent proposals for ending the dispute largely foundered because the unions refused to accept a staged progress towards an extra salary payment of FFr 400 (£33.60) a month. The unions are demanding that the full amount should be paid immediately, as at Citroen.

Portuguese short of hydro-power

By Diana Smith in Lisbon

DESPITE WINTER and spring rainfall, Portugal is suffering from a very serious drop in its hydroelectric reserves, and the Government may soon be obliged to take special measures.

Along the Douro River, which supplies a quarter of the country's electricity in normal times, reserves are down to 30 per cent of their potential and, nationwide, dams stand at 55 per cent of capacity. This compares with 72 per cent at this time last year, when heavy spring rains halted the worst drought in 130 years.

At this stage, the Government is merely asking consumers to restrain electricity consumption voluntarily.

● Portugal's inflation rate, forecast at about 19-20 per cent for 1982, eased slightly in April when it increased by only 0.1 per cent. The Government took stiff credit measures earlier this year which have reduced credit growth to 21 per cent compared with more than 30 per cent last year.

East Berlin angry at U.S. embargo on electronics

BY LESLIE COLITT IN EAST BERLIN

EAST GERMANY has accused the U.S. of trying to "obstruct" the development of its micro-electronics industry by embargoing exports of electronic equipment to East Germany.

Herr Paul Verner, a member of the ruling politburo, said the U.S. was engaged in a "tough class struggle" with the Communist countries in the field of micro-electronic components. The only possible answer for East Germany, he said, was to develop its own production and to increase co-operation with the Soviet Union.

Subsidiaries of U.S. electronics companies in West Germany and Austria said the Commerce Department in Washington has refused frequently, to grant export licences for electronics industry production equipment ordered by East Germany. No accurate figures are released on U.S. electronic exports to that or other Communist countries as the products are first shipped to subsidiaries of the U.S. companies in Western Europe and then on to the East bloc.

Herr Verner also told a central committee meeting that this year's grain harvest would be controlled directly by the politburo to prevent losses.

Fodder production is a neuralgic sector of East German agriculture and, last year, the country had to import $283m in fodder from the U.S., according to U.S. statistics. East German figures, however, indicate that considerably more U.S. grain was transhiped to East Germany via Hamburg. The East German leadership has set the ambitious goal to eliminate all fodder imports by 1985.

Herr Verner, who is responsible for security, said East German industrial output was on target for the first five months of the year. It is planned to increase production by 4.6 per cent this year. Earlier this year, he said, the politburo introduced measures to "safeguard" food supplies for the population. The East Germans have reported that supplies in many parts of the country have steadily worsened.

Spectre of scandal raised by W. Berlin rescue bid

BY OUR BERLIN CORRESPONDENT

WEST BERLIN'S one-year-old Christian Democrat Government is preparing a financial rescue operation which bears an uncomfortable resemblance to a scandal which helped cause the downfall of the previous Social Democrat-led city government.

At issue—then and now—are city guaranteed loans to Berlin companies.

A West Berlin firm of engineering consultants which is 50 per cent city-owned is in financial trouble over military construction projects in Saudi Arabia worth some DM 180m (£42.8m). The Saudis are refusing to pay an additional DM 75m for improvements.

Earlier this year the company, Berlin Consult, received a DM 15m city guaranteed loan after reportedly raising city-backed loans of some DM 40m to finance projects.

City officials said that the company had a serious cashflow problem and that the Berlin Parliament would be called on to authorise DM 41m in aid. If the Saudi money does not materialise, West Berlin will have to come up with the funds out of its 1983 budget.

The scandal which rocked Berlin's previous Social Democrat Government involved city-backed loans of some DM 128m to a Berlin architect who also ran out of funds while engaged on a construction project in Saudi Arabia.

Berlin Consult was regarded as highly successful in Eastern Europe where it was the general contractor for projects ranging from meat packing plants in Poland and East Germany to a recent sale of a spectacle frames factory to the Soviet Union. But now the company needs a DM 65m city guaranteed loan to finance the Moscow deal.

A DM 39m contract which Berlin Consult signed last year with East Germany to erect a yeast plant in Leipzig was less than financially rewarding. It involved the rights to sell yeast from the factory in the West over a 10-year period.

Head of Polish bank replaced

WARSAW — Polish authorities have replaced Mr Marian Minkiewicz as head of the Bank Handlowy, the foreign trade bank, officials said yesterday. Mr Minkiewicz has been a key figure in negotiations to reschedule Poland's massive debts to the West

The removal of Mr Minkiewicz was announced a week before talks in Vienna with representatives of Western creditor Banks on postponement of this year's debts, which Polish officials say it has no hope of paying in full.

The replacement also comes as senior bankers are considering the effects of a new banking law, coming into force next Thursday, which gives banks increased independence from government control.

Mr Minkiewicz who, according to an official announcement, was recalled from his post at his own request, was replaced by Stanislaw Kobak, until now chairman of the state Insurance company Warta.

The meeting in Vienna between Polish and Western bankers on July 1 is expected to be an initial exploration of ways to reschedule the non-guaranteed portion of some $10bn (£5.5bn) in hard currency debts falling due this year.

Mr Minkiewicz's replacement follows the resignation of another senior Bank Handlowy official, vice-president Jerzy Szczepkowski, a few weeks ago.

Reuter

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Congress-backed housing aid Bill vetoed by Reagan

BY ANATOLE KALETSKY IN WASHINGTON

PRESIDENT REAGAN yesterday vetoed the $3bn (£1.7bn) emergency housing industry aid Bill passed on Wednesday by Congress.

The move clearly signals his intention to block all attempts by Congress to bail out industries hard hit by the recession.

It also indicates the President will take a hard line against Bills which break the spending limits set in the 1983 budget, which was passed this week after nearly five months of political deadlock.

There are widespread fears that the $103.9bn deficit limit projected in the budget will be breached by numerous special Bills in an attempt to offset the effects of the recession on specific industries or regions.

In addition to housing, the farming and motor industries have been singled out for special support measures by Congressmen running for re-election in November.

The Democratic Party has also proposed various emergency employment programmes not provided for in either the 1982 or the 1983 budget.

Even without such special spending Bills, the independent Congressional Budget Office has estimated the final budget will produce a deficit of $116.4bn, rather than the estimated $103.9bn. The difference results from the budget offices more pessimistic assumptions and from different accounting estimates of the fiscal impact of proposed tax and spending changes.

In the past the budget office has provided more reliable estimates of deficits than either the White House or the partisan congressional committees.

President Reagan's veto of the Housing Bill, which was designed to subsidise mortgages on new houses for poorer and middle income families, could in theory be over-ridden by a two-thirds vote of both chambers of Congress. However, congressional leaders suggested soon after the veto was announced that such action was unlikely.

A two-thirds majority against the President would be very hard to muster in the Republican-dominated Senate, even though the chief sponsors of the Housing Aid Bill were two Republican Senators, Mr Richard Lugar and Mr Jake Garn.

Paul Betts reviews the growing bi-partisan appeal for a resolution to U.S. budget problems

Wall St pressure group looks to the long term

A MOST unusual, indeed unprecedented, political lobby is emerging on Wall Street in these days of turmoil in the credit markets. Five former U.S. Treasury Secretaries and a former Secretary of Commerce, Mr Peter Peterson, who now heads the venerable Wall Street investment company of Lehman Brothers Kuhn Loeb, have joined forces to launch a bi-partisan appeal to President Ronald Reagan and the U.S. Congress to help resolve the severe fiscal problems currently causing turbulence in the markets and threatening to bring the country's industries to their knees.

They have already been down to Washington to appear before the Senate Finance Committee. It took them about 48 hours to enlist the support of a Who's Who of Wall Street—from the heads of Salomon Brothers to Morgan Stanley to such prominent business and former government figures as Mr Cyrus Vance (former Secretary of State), Mr Henry Kaufman, of Salomon Brothers, Mr Thornton Bradshaw (chairman of RCA), and Mr Harold Brown (former Defence Secretary), among others.

The former Treasury Secretaries include Mr Michael Blumenthal, now head of Burroughs Corporation, Mr John Connally, Mr C. Douglas Dillon, Mr Henry Fowler and Mr William Simon. As for Mr Peterson, who hardly has any time to see you except in his car between one meeting with International Harvester and another with Cities Service, he has been spreading his message by writing articles for the colour supplement of the Sunday New York Times.

His ambitious goal is to build a national coalition of informed Americans to pressure Congress and the political system as a whole to tackle what he calls the country's "budget crisis" before huge federal budgets, already crippling the U.S. economy, lead to years of financial chaos and industrial stagnation.

Although Capitol Hill has finally compromised on a 1983 budget, the apparent good news to the frustration of the Administration, has had virtually no impact on Wall Street. Indeed, if anything, the markets are in as big as shambles as they ever were — and it is hardly surprising according to Mr Peterson and his group.

The problem, he says, and everybody agrees, is long-term interest rates. As he told the Senate's Finance Committee: "There is no way we are going to get the investment in the economy that we desperately need at 15 and 16 per cent long-term interest rates." Echoing a familiar litany on Wall Street, he added: "There is no way you are going to get long-term interest rates down until the financial markets see a long-term budget that they believe with deficits coming down."

He also suggests that while Wall Street may not be the greatest of U.S. folk heroes, the financial markets are "terribly sophisticated." They are sick and tired of looking at blue sky, rosy coloured forecasts. "One of the reasons that Wall Street is not reacting favourably is that they look at the numbers and don't believe them."

Mr Peterson and his group scoff at the renewed anti-Federal Reserve campaign of the past few days. The Treasury and the Administration have again been blaming the Fed's conduct of monetary policy for the current high level of U.S. interest rates. Some congressmen have suggested legislation to curb the independence of the Fed and the Treasury is reviewing the role and structure of the Central Bank.

"Fiscal and monetary policy are in conflict at present," says Mr Peterson. "But if you got the Fed to ease now it would send the wrong signal to the market." The real issue, he says, is that "First you've got to get your fiscal policy or fiscal house in order, then your monetary policy. But to talk about monetary policy before you have a fiscal one would simply give Wall Street the wrong message."

Mr Peterson and his group have now drawn up their own bi-partisan plans for the U.S. budget. Significantly, they have concentrated on the 1985 federal budget because the object is to put together a conservative and credible approach to the whole budget deficit problem.

"The market believes that high deficits have a long-term effect on inflation and therefore affect interest rates. And as long as they believe it, whatever the theories of the economists are, you had better do something about deficits—and that is much more important than anything else because it affects interest rates directly."

> "The market believes that high deficits have a long-term effect on inflation and therefore affect interest rates. And as long as they believe it, whatever the theories of the economists are, you had better do something about deficits—that is much more important than anything else because it affects interest rates directly"

So although the markets are worried by today's deficit (bonds have been trembling simply at the thought of the record $96bn Treasury financing needs for the second half of this year, which has nothing to do with what is currently being discussed on Capitol Hill), Mr Peterson claims they are far more worried with what is likely to be ahead.

The idea for bi-partisanship was to emphasise that nobody had any particular axe to grind, the effort was non-partisan and, indeed, some of the former government ministers were part of past Administrations which had a hand in creating the current fiscal mess. The proposals put forward by the bi-partisan group include cutting the fiscal 1983 budget to below $100bn and squeezing down the deficit further in each following year. "To achieve even minimal credibility in the financial markets," the group says, "projected deficits must be cut by about $75bn to $100bn in fiscal 1983, by about $125bn to $150bn in fiscal 1984, and by about $175bn to $200bn by fiscal 1985."

To achieve these goals, the bi-partisan group is urging that defence spending should be moderated so as to save about $25bn in fiscal 1985. This would still provide for a major and sustained defence build-up. Taxes should bring in additional revenues of about $60bn by fiscal 1985. This can be done, they claim, either through indirect tax increases or by deferrals of proposed new tax increases.

The third, and most controversial, proposal involves the whole area of entitlements and other non-defence programmes whose growth should be slowed down to reduce the deficit by about $60bn in 1985. The proposals also omit such popular measures considered in the 1983 Congressional budget plans as miscellaneous cuts and the assumption of a 6.9 per cent prevailing prime rate in 1985. "If it were at that level, then Hallelujah," says Mr Peterson.

The group wants above all to hit at the so-called "non-need related entitlement programmes," especially social security. Mr Peterson says that if there is one signal Wall Street would like to pick up right now, it is action on government entitlement programmes. "Social security is now 28 per cent of the budget, and I think what Wall Street is waiting for is a credible signal that these very important ballooning programmes that have been called politically untouchable, that have been called uncontrollable, are going to be touched and controlled."

Mr Peterson argues that most of the cutting so far has been done in the need-related programmes—those which are distributed on the basis of some test of real need or current income. Indeed, the calculates that these need-related programmes have been cut by about three times as much as the ones that are not need related.

Like all major economic crises, the current U.S. fiscal crisis has turned into essentially a political issue. Wall Street, this time, has decided to take to the road—first mobilising its own ranks and then spreading their message across the country.

Private college to raise cash on bond market

BY PAUL BETTS IN NEW YORK

DARTMOUTH COLLEGE in New Hampshire, one of the oldest private universities in the U.S. and a member of the exclusive "Ivy League," is to raise money for student loans on the New York bond market.

This is believed to be the first time an American university has turned to the money markets to support its students.

Other universities and private colleges are expected to follow Dartmouth's example in an effort to offset sharp cuts in government financial support.

The Reagan Administration's decision to reduce federally backed loans to university students as part of the government's broad budget cutting programme has become one of the most controversial issues of Reaganomics.

Dartmouth, which was named after the Second Earl of Dartmouth, will issue a package of some $98.5m (£56.6m) of bonds with the help of Goldman Sachs, the Wall Street investment bank.

Of this total, some $75m will be sold at deep discounts from their face value. This means the college will raise about $28m from the offering, which is tax free, of which $12m will be used for student loans and $16m for other purposes.

The college warns that the $12m it plans to raise for student loans will not go very far. Its 4,000 undergraduate students have borrowed $7m in the current academic year.

Supreme Court gives immunity to ex-presidents

By Our U.S. Editor in Washington

THE U.S. Supreme Court yesterday laid to rest a ghost from Mr Richard Nixon's past which had hauted the former presidant for the past eight years. The court ruled, by a narrow five to four majority, that former presidents are entitled to absolute immunity from suits for damages over actions they have taken

Mr Nixon was sued in 1974 for $3.5m (£1.9m) by Mr Ernest Fitzgerald, who was dismissed from his Government post in 1970 for telling Congress of major cost overruns in the construction of the C-5A transport aircraft.

Satellite TV given go-ahead

BY PAUL BETTS IN NEW YORK

THE BATTLE between cable television and the television dish industry is expected to intensify following the U.S. Federal Communications Commission decision to give the go-ahead for the development of direct satellite-to-home television broadcast.

Direct satellite broadcast in which satellites beam signals to a small receiver, called a dish, on the roof of a viewer's home, is the fledgling of the communisations industry.

Cable operators, who have invested huge amounts in the past two years in one of the most promising growth businesses in the U.S., have complained about dish services because under an earlier FCC ruling, owners of dishes do not require a licence and operators do not have to win franchises from local governments to supply the service.

Leading cable television programmers have also accused several dish operators of picking up signals of their pay programmes and broadcasting them without paying the necessary charge.

This form of programme piracy has become prevalent in large condominiums or apartment blocks where a dish is installed on the roof-top and feeds television sets throughout the block.

With Wednesday's ruling from the FCC, nine major companies who have already applied to offer direct satellite to-home television are now likely to be granted approval. Their services are expected to begin in 1985 or early 1986.

At present the dish business has been restricted in its development because only very large and expensive receiving dishes have been available. As a result they have been confined to large apartment blocks

Formal approval of the new business will mean smaller, less expensive dishes will become available, making it economical for a single homeowner to acquire a dish, expected to cost between $100 and $200.

Stores group in worker participation contract

BY RICHARD LAMBERT IN NEW YORK

THE RECENT trend to wage concessions and increased worker participatioo in U.S. industry has been taken a step further by an innovative labour contract in the retail industry.

Under the new deal, workers will make significant concessions on wages and work rules in return for a share in the revenues and management of their stores.

A and P, the struggling supermarket chain controlled by the Tangelmann group of West Germany, has closed 51 stores in south east Pennsylvania since last December.

It has now agreed to re-open 20 of these stores and to give the workers — members of the United Food and Commercial Workers Union — the chance to buy four others.

The 20 company-owned stores will be set up under a separate division of A and P, and the first ones will be re-opened next month. Employees will take a pay cut which will reduce the average wage from around $10 (£5.50p) to $8 an hour

The union is committed to reducing labour costs at the stores from the equivalent of around 14.5 per cent of sales to 10 per cent or less

AMERICAN NEWS

Haig plans to repair links with Latin America

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE U.S. is reviewing its future policy towards Argentina as part of its overall effort to repair relations with Latin America now that the fighting in the Falklands is over.

But the fluidity of political developments in Buenos Aires means Washington is likely to take its time before drawing hard and fast conclusions.

Mr Alexander Haig, Secretary of State, said this week that the ultimate U.S. objective remained "good, strong, co-operative and cordial relations," with Buenos Aires. A number of uncertainties however, remained to be resolved in the wake of the Falklands crisis.

The "uncertainties" listed by Mr Haig covered: the official cessation of the state of conflict between Britain and Argentina; the emergence of a "constitutional authority" in Buenos Aires capable of making viable assurances; the return of all prisoners; and the clean-up of the islands themselves.

These issues must be resolved, in the U.S. view, before an outline of the longer term status of the islands can become clearer.

They are also the factors that Washington is taking into account in its current review of the economic and military sanctions it imposed against Argentina at the end of April.

The review did not necessarily mean Washington was contemplating a very early change in sanctions, Mr Haig said.

Meanwhile, the Administration is going out of its way not to put public pressure on Mrs Margaret Thatcher, the British Prime Minister, either on the sovereignty issue or in favour of any particular ultimate solution.

Both sides said sovereignty was not even discussed during Mrs Thatcher's Washington talks with President Ronald Reagan on Wednesday.

As Mr Haig put it: "We would not expect anyone to tell us how to deal with our property and we are not going to presume to tell her (Mrs Thatcher)."

American "practical help" for Britain will continue, notably through the supply of mine-clearing equipment. But no U.S. personnel will be sent to the islands, and Mr Haig believes it is "premature" to consider the inclusion of U.S. troops in any peace-keeping force that might be set up.

On restoring relations with Latin America, both Britain and the U.S. agree the damage done by the Falklands affair has not been uniform in every country. In some, according to Mr Haig, it has only been "slight." He believes that anyone who treats the hemisphere as a single whole is making a "serious geopolitical misjudgment."

● AN IMF team will be going to Buenos Aires some time in the months ahead for a routine review of the Argentinian economy, officials said in Washington. They discounted reports from Argentina that the team would be involved in the country's efforts to refinance its debts.

Argentine Press reveals the realities of war

BY JIMMY BURNS IN BUENOS AIRES

THE ARGENTINE public is learning slowly but surely what really happened in the Falklands war—and the lesson is proving a shattering experience.

For over two months the media reluctantly subjected itself to self-censorship, simply repeating the jingoistic rhetoric of military communiques. Argentines learned of their soldiers as picturebook heroes, winning the war even as General Menendez was surrendering.

All this has now changed as local journalists suspect a breakdown in the military machine and the suggestion of political change.

It is possible the sudden flowering of journalistic "objectivity" is being promoted by military officers who are far from happy with the men who have temporarily taken charge of the country.

Whatever the reason, the stark reality of the Falklands war is finally reaching the Argentines.

Newspapers yesterday published a report from the unofficial news agency DYN that most Argentine senior generals and members of the Cabinet were only consulted about the invasion of the Falklands on April 2, after it had taken place.

A senior military official, quoted by DYN, says a number of generals objected to the decision. "There were clearly a number of errors, among them a misjudgement of the reaction of the U.S. and Britain, and a realisation of the state of our economy."

According to the report, the junta had hoped simply to press Britain into negotiation and were taken completely by surprise when Mrs Thatcher decided to send the task force.

DYN also claimed the junta had resolved to invade the Falklands in June or July. But the protest by Britain's Foreign Office following the illegal landing of Argentine scrap merchants in South Georgia in March convinced the junta that is had been presented with the perfect excuse which should not be missed.

The picture of cynical calculation—as it turned out, tragic miscalculation — by the country's military rulers has emerged amid embarrassing revelations about the conduct of the campaign.

The aftermath of the war is proving potentially the most dangerous problem facing the military as it tries to hang on to power until 1984.

Local newspapers reported that returning soldiers claimed that they were totally unprepared for the campaign against the British. They suffered from poor food, inadequate equipment, and misinformation from commanders.

Writing in the mass circulation weekly Gente yesterday, Anibal Rotundo, an Argentine TV cameraman whose film was heavily censored throughout two months of fighting, gives an eyewitness account of "the horror of the war."

He claims that in addition to their own personal hardship, Argentine soldiers faced a highly equipped and professional British force, and extreme hostility from the local kelpers.

Jamaica aims to double annual trade credits flow

BY NICHOLAS COLCHESTER

JAMAICA hopes to raise a gross $50m-$75m (£28m-£41.8m) per year syndicated bank loans and to increase the flow of trade credits from $75m to $150m per year, Prime Minister Edward Seaga told the Financial Times in an interview.

Mr Seaga was in London this week putting Jamaica's case to representatives of 130 banks, following an earlier discussion with the major U.S. banks. He has been stressing the turn-round in Jamaica's economic performance since his Government swept to power in October 1980 and installed a more market-oriented style of economic management.

Among the key achievements Mr Seaga claimed for his Government were:

● A reduction in the rate of inflation from 28 per cent in calendar 1980 to 4.7 per cent in calendar 1981.

● Real economic growth of 1.8 per cent in 1981 after six years of economic decline, with growth of 3.9 per cent projected for 1982.

● A reduction in the unemployment rate from 27.3 per cent in 1980 to 25.8 per cent in 1981.

● Removal of $105m of international payment arrears nine months ahead of the target established by the IMF.

● Reduction of the budget deficit arising out of current spending from 7 per cent of GDP to 1.7 per cent, where the IMF had set a target of 3.4 per cent.

Jamaica's credit needs form part of a total investment projection over five years of $5.2bn, of which one third will be funded externally and two thirds internally. Of the external component of $1.7bn some $1bn will be provided by official flows and $700m will be required from the international private sector.

Part of this latter sum will be provided by direct inward investment. Mr Seaga said that by the end of this year the Jamaica National Investment Promotion Corporation would have some 125 new projects under way, of which two-thirds were funded from overseas. Currently 66 projects are underway, involving a total expenditure of some $70-80m.

Mr Seaga took a scathingly pragmatic attitude towards the campaign for a New World Economic Order: "They do not say they should earn more through exports. They say the Northern countries owe us a living, should make more money available, should transfer more resources without any basic understanding whether money requires a return or a viability.

"They are living in either a dream world or a sixth form world. I am in neither. We participate in the system and bend it to suit our needs and make the system work to our advantage.

OVERSEAS NEWS

Gunmen attack Mugabe's home

By our Harare Correspondent

UNKNOWN GUNMEN unsuccessfully attacked the homes of Mr Robert Mugabe, Zimbabwe Prime Minister, and his senior Cabinet colleagues, M Enos Nkala, in the early hours of yesterday morning. The attackers fled after an exchange of small arms fire with Mr Nkala's bodyguards, leaving one dead black gunman and two unfired RPG-7 rocket launchers.

Police said the attack had been launched from a moving car at around 4 am.

A spokesman for the Prime Minister blamed "bandits" for the attack but gave no details of their possible identity. More than 25 people have been killed by bandits in Zimbabwe in the western province of Matabeleland and in recent weeks, but this is the first time that there has been any hint of bandit activity in the capital itself.

The Mugabe Government has blamed former guerrillas from Mr Joshua Nkomo's Zipra army for the growing wave of violence in Matabeleland. But Mr Nkomo has strongly denied these accusations.

At the weekend Mr Nkomo appealed to the government to set up an all party parliamentary committee of inquiry.

He is scheduled to give a news conference in Bulawayo today when he is due to reveal Mr Mugabe's reaction to his suggested inquiry.

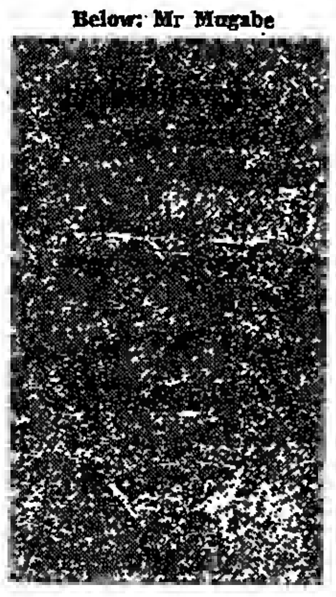
Reports from Matabeleland earlier this week spoke of a battalion of troops being sent south west of Bulawayo to the Kezi area to undertake operations against the bandits, or dissidents, as ministers are calling the gunmen.

The national news agency Ziana reported that the gunmen had been dressed in national army uniforms and were riding in a military lorry stolen.

Residents living near the Prime Minister were reported to have been woken by long and sustained bursts of gunfire, the news agency said.

Reuter reports from Harare: Former Rhodesian Prime Minister Ian Smith collapsed in the Zimbabwe Parliament yesterday and was taken to hospital. A spokesman said Mr Smith, 63, leader of the all-white Republican Party, was in a satisfactory condition, but gave no details.

Below: Mr Mugabe



Israeli soldiers feel a long way from home

BY DAVID LENNON IN TEL AVIV

ISRAEL'S soldiers, who once would never have questioned the country's motives for sending them to war, are beginning to wonder what they are doing so deep inside Lebanon.

As the war moves towards the end of its third week, many soldiers who were originally told that they were going into Lebanon to push the Palestinian guerrillas back 25 miles from the Israeli border are questioning the Government's plans.

One Israeli paratrooper stationed at Lake Karoun in the Bekaa Valley said during a recent home leave: "As we hold our positions, we sit and ask ourselves why we Israelis have to bring order to Lebanon and if it is possible to achieve that."

Others, such as a kibbutznik from the same platoon, are beginning to ask if this is the way to try to solve the Palestinian problem. "We do not have to come all the way to Beirut to look for PLO guerrillas or sympathisers," he says. "They are sitting in our back yard in the West Bank and Gaza Strip."

In what is a radical change for a former keen supporter of Premier Menachem Begin, the paratrooper continued: "We know what they want, and we know they won't be happy until we give them their state. Maybe that's where we should be, sitting down with them and talking about a Palestinian state."

Another soldier on leave complained about the nature of this war. "Up to now we fought armies and we knew who the enemy was. But how do you relate to a 14-year-old kid with a gun whom you know you have to shoot because he wants to shoot you? It's demoralising."

Most of the soldiers seem to have accepted the need to push the PLO guns away from Israel's northern border. "But what's the point of going up this far?" complained a reserve soldier.

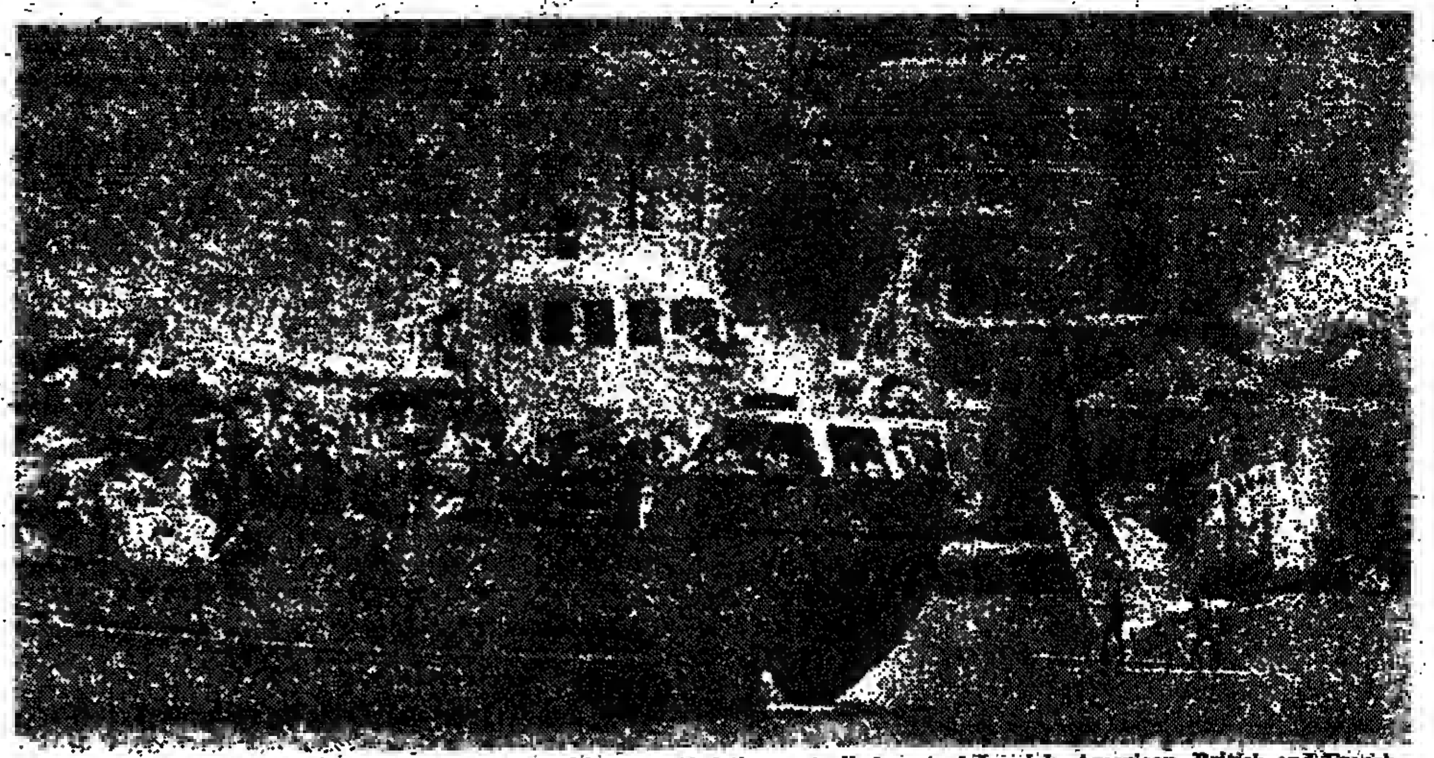
Many Israelis are also unhappy about the prospect of having to remain in Lebanon for a very long time to police the area in the absence of any strong national Lebanese army.

Women whose husbands or sons have returned from the fighting areas say their loved ones are depressed and upset about the scale of destruction and the civilian casualties.

The rising casualty rates is also having its effect. There are burials daily of soldiers who died in the fighting, which was originally supposed to have lasted only a couple of days. Even though the army spokesman has not updated the figure of 214 dead which he released over a week ago, nobody can fail to notice the radio announcements each day of more casualties.

The opposition to the war on the home front is still restricted to mainly liberal intellectuals, and small Leftist fringe groups, such as the Women's Committee against the war in Lebanon, which demonstrated outside the Knesset (Parliament) in Jerusalem on Wednesday, with placards saying "We bore children, not cannon fodder."

But if the tone of disillusionment and questioning by soldiers back from the war zone continues, then public opposition to the war may swell. It is certainly far too early to call the Lebanese war "Israel's Vietnam," but it is certain that many Israelis already feel that it is very far from their country's finest hour.



WINDSURFERS watch as a shipload of foreigners leave the Christian-controlled port of Jounieh. American, British and French nationals have been advised to leave Lebanon

Gemayel named for poll

BEIRUT—Rightist Christian militia commander Bashir Gemayel has been nominated by his party to run for President of Lebanon on a platform of disarming the Palestine Liberation Organisation (PLO), his political adviser said yesterday.

"The present phase needs a strong president who can eliminate the PLO's military presence," Mr Karim Pakradouni, the leading theoretician of Mr Gemayel's Phalange (Kataeb) Party said. "Every Palestinian in Lebanon must be disarmed, because if only one is left armed an entire armed PLO will be back," he said.

As he spoke at the beachside military command of the Phalange Party in Christian East Beirut, Israeli jets thundered overhead in fresh assaults on Syrian forces in Lebanon's central mountains and warships pounded the PLO headquarters in Moslem West Beirut.

Mr Gemayel, 34, led a coalition of Christian militias in the 1975-76 Lebanese civil war against an alliance of Leftist Moslems and Palestinian guerrillas. His militiamen fraternised with Israel's invasion forces as they reached Christian-populated areas east of Beirut to lay siege to the PLO.

But Mr Gemayel's militias have refrained from military action across the mid-city Green Line that divides Beirut into Christian and Moslem sectors and this was considered by observers as an attempt to win Moslem sympathy for his nomination.

"The Phalange Party's political bureau has nominated our comrade Bashir Gemayel for President. We have strong hopes that this nomination will soon be endorsed by other political and religious leadership," said Mr Pakradouni.

Mr Gemayel, a Maronite Christian, is the first candidate to be announced for the race to succeed current President Elias Sarkis, whose six-year term in the suburban Baabda Presidential palace, now ringed by Israeli tanks, expires on September 23.

Only Maronites are eligible for the President's office. The Premiership goes to Sunni Moslems and the Parliament Speakership to Shi'ite Moslems. According to the constitution, the 99-seat Parliament should elect a new President at a special session held within the 60 days preceeding September 23.

Mr Pakradouni said the Phalange Party and its allies, controlling about 30 seats in Parliament, insist on holding the Presidential election on schedule, irrespective of the Israeli invasion or its aftermath.

Phalangist officials said conservative Moslems were expected to give Mr Gemayel the votes he needs for a single ballot majority in Parliament. AP

Balsemao to lead official visit to Mozambique

BY DIANA SMITH IN LISBON

THE PORTUGUESE Premier, Sr Francisco Balsemao, will visit Mozambique on June 27. He will be the first Western head of government to pay an official visit to Mozambique since its independence from Portugal in 1975.

Sr Balsemao and his party of cabinet ministers, secretaries of state and senior businessmen from the public and private sector will offer technical, industrial and financial co-operation to Mozambique at a time when the former colony is under severe strain.

Intense guerrilla pressure from the National Resistance Movement (MRN) which is backed by South Africa, has forced the Marxist Frelimo regime to take drastic measures.

President Samora Machel has been obliged to cancel a European tour planned for early July, considered vital to Mozambique's new approach to Western aid. He has taken personal control of military operations, distributed arms to the population and declared a curfew in the capital, Maputo.

In this context Portugal's willingness to help Mozambique with limited means, or be an honest broker for co-operation from other Western nations, assumes particular importance.

Four more S. Korean Cabinet Ministers sacked

BY ANN CHARTERS IN SEOUL

PRESIDENT Chun Doo-Hwan yesterday removed four more Cabinet Ministers in an effort finally to neutralise the effect of last month's multi-million dollar unofficial money market scandal.

The new Prime Minister, is Kim Sang-Hyup, former president of Korea University, and a member of the committee that drafted Korea's 1980 constitution. He served as Minister of Education in the early years of former President Park Chung-Hee's tenure, and is a respected independent. His appointment may signal an attempt to broaden the Government's base of support.

Named as Minister of Finance is Kang Kyong-Shik, formerly vice-Minister of Finance and a technocrat. He is regarded as one of the main architects of Korea's fifth five-year economic plan.

Mr Bae Myung-In, the new Minister of Justice, replaces the man who just two weeks ago was named to the same post after heading the prosecution investigation of the market scandal. The new Minister of Energy and Resources is Suh Sang-Chul, formerly vice-Minister of Construction.

Iran oil price raised

By Richard Johns

THE INCREASE by Iran of $1 in the price of all its varieties of crude oil brings it a little closer to the price structure agreed by the Organisation of Petroleum Exporting Countries (Opec) last October.

The official selling rate for Iranian Light 34 degree crude is now set at $31.29 and for Iranian Heavy 31 degree at $29.30, according to telexes sent to customers earlier this week. This compares with prices, respectively, of $34.20 which would be charged if the maverick Opec member had adhered to the realigned pricing system.

Iran's move was not unexpected but it comes at a time when the price paid for Iranian Light has slipped to as little as $31, even less on the spot market. Moreover, many traders have come to accept a considerable discount compared with other Opec crudes as being justified by Iran's lack of credibility as a reliable supplier. Iran has over-sold, and quibbled about prices after deals have been struck and tankers have arrived.

Tehran's aim is to maximise foreign exchange earnings, rather than to mend fences with other members of Opec, however. Iran's price-cutting and rejection of the production allocations agreed in March have gravely alienated other members.

As much as one-third of Iran's exports have been sold on the spot market. Such sales have recently been estimated as 650,000 b/d, and a further significant proportion is accounted for by barrier deals and refining arrangements involving discounts.

Iran's pricing move comes in the wake of a rapid build-up in shipments from Kharg Island at the expense of Iraq. Three weeks ago Tehran succeeded in attracting back Japanese customers to the tune of 75,000 b/d. This week the official news agency Irna reported the signing of barter agreements with Argentina and Brazil involving crude sales worth $400m this year and $1bn in 1983.

According to one industry estimate, Iran's production is now running at 2.2m b/d, of which 1.8m b/d is being exported, compared with a quota agreed by other members of Opec of only 1.2m b/d, though this figure is reckoned by some traders to be an exaggeration.

Shipments recently are understood to have been hit by a 10-day stoppage due to sand storms. Loading was resumed yesterday at Kharg Island.

Opec's four-man ministerial monitoring committee is provisionally scheduled to meet in Vienna on July 7 to review the market and the present ceiling of 17.5m b/d which has been so flagrantly breached by Iran.

ECONOMIC STRATEGY IN QUESTION

Benefits get smaller for big-thinking New Zealand

BY DAI HAYWARD IN WELLINGTON

NEW ZEALAND'S "think big" economic policy, involving the establishment of more than a score of multi-million dollar projects is starting to lose some of its grandeur. With the loss of impetus Prime Minister Robert Muldoon, who successfully fought the 1981 election, on the policy promising golden tomorrows with thousands of new jobs and other economic benefits, is beginning to come under pressure.

The collapse of talks on Wednesday on the controversial NZ$795m (£337m) Aramoana aluminium smelter is only the latest of the "think big" projects to run into difficulties and problems, which are generating increasing doubts about the economic strategy as a whole. It was the recent claim by former Works Minister, Mr Derek Quigley, that the growth strategy was neither generally understood nor supported and that there were some aspects which needed rethinking, that led to his sacking by the Prime Minister last week.

Aramoana, with a planned capacity of 210,000 tonnes a year, has been plagued by controversy and argument almost from the day it was first announced. The proposed smelter was designed to utilise the cheap electricity from the huge Clutha River hydro project and it was this electricity—or rather the price the New Zealand Government wanted for it—which caused the final breakdown and collapse of the smelter talks.

On March 1 last year Alusuisse, a major partner with Fletcher Challenge of New Zealand and Gove Alumina of Australia in the consortium planning to build the smelter, pulled out of the project. Undaunted by the fact that other countries and companies were closing down aluminium smelters, New Zealand instigated a world-wide search for a new partner with the required technical expertise. Pechiney joined the team.

But Pechiney, was not prepared to pay the minimum price demanded by the Government for a long-term power contract and with final negotiations broken down, the project has now been abandoned.

The smelter becomes the fourth casualty out of 24 "think big" projects, each costing at least $NZ15m. Others have also run into delays and less than half of the 24 listed by a Government authority 18 months ago, are now on schedule.

The Government initially claimed the big projects would create jobs, provide large scale foreign earnings and substantially reduce the country's balance of payments deficit. Mr Muldoon still insists, however, that the construction programme for the first of the projects to get under way will unleash a flow of benefits and stimulate the economy as early as next year.

The setbacks have caused obvious problems for the "think big" policy and this week Mr Muldoon imposed a stringent and absolute freeze on wages and prices to try—in his words—to "squeeze inflation out of the economy."

Some drastic action was certainly needed and overdue but already a wide range of economists, including the country's Institute of Economic Affairs, are warning that a price and wage freeze alone will not be enough.

The Institute, which two days before the freeze, announced on Tuesday, had predicted an inflation rate only 1 per cent below today's 15.3 per cent by March 1983, had to do some hasty revisions. Yesterday it forecast, anew, that the freeze will bring inflation down to about 9 per cent by March next year.

Many leading and respected economists, as well as traditional Government supporters, have already warned the Prime Minister that the freeze will not work unless the opportunity is also taken in next month's budget to undertake fundamental and sweeping economic reforms. Moves which will stimulate growth are essential, they argue.

The more important of these are tax reforms, the removal of regulations which restrict competition, greater encouragement for savings, production incentives, stricter control of the money supply, and a better climate for wage bargaining between unions and employers.

The Prime Minister has already hinted that he intends to tackle at least some of these in the budget and that he wants to take advantage of the freeze to achieve a more lasting effect on inflation. Several times in the past few days he has commented that the severe controls introduced on Tuesday night must be judged alongside measures yet to be introduced in the budget.

One of these will be cuts in personal tax (which the Prime Minister says will help offset the wage freeze).

In the past two months there has been something of a pre-budget consumer boom, but Mr Muldoon may now hesitate before introducing more taxes on consumer goods and the new sales taxes may be shelved, at least temporarily.

Mr Muldoon is anxious to point to success in reducing inflation to boost his flagging political and personal popularity.

The timing of Tuesday's freeze announcement was related to this and was regarded by observers as a diversionary move by Mr Muldoon to draw public attention away from the sacking of Mr Quigley.

The former Minister has won wide public support for his stand and for what many people see as a point of principle. Many prominent officials within the ruling National Party are openly supporting Mr Quigley.

How the cost mounts up

THE COST of New Zealand's think big projects has jumped considerably over the past year. Eleven of the original 24 projects still on schedule are now estimated to cost NZ$5,375m (£2,279m). In November 1980 the estimate was NZ$3,875m. Some of the major projects with 1981 cost estimates are:

● Marsden Point Refinery expansion: cost NZ$950m—double its 1980 estimate.

● Taranaki Ammonia Urea Plant: cost NZ$95m—1980 estimate NZ$80m.

● New Zealand Steel expansion (south of Auckland): cost NZ$750m—1980 estimate $NZ600m.

● Whirinaki Pulp Mill (centre of the North Island); cost NZ$500m—1980 estimate NZ$200m.

● A methanol plant near New Plymouth: cost NZ$175m—1980 estimate NZ$140m.

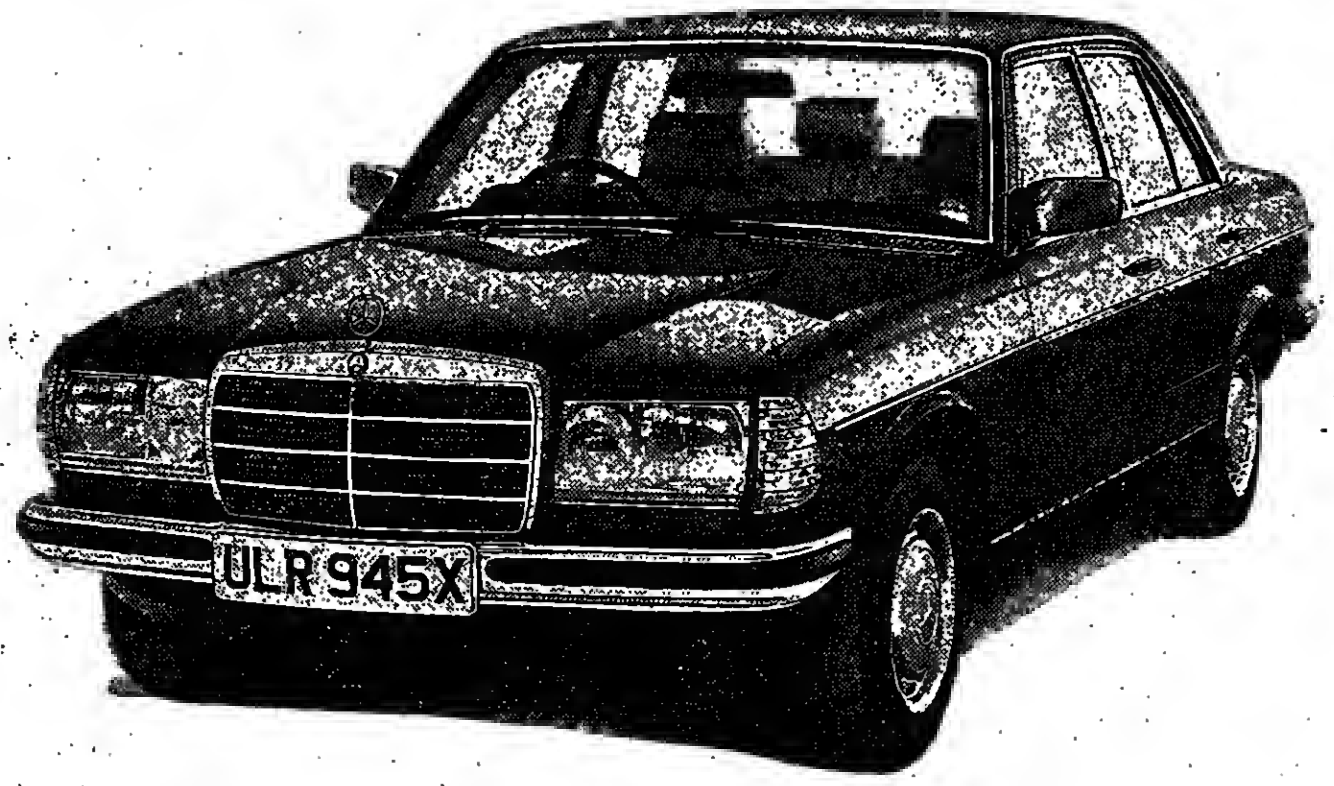
● Synthetic petrol plant in Taranaki: cost NZ$960m—1980 estimate NZ$500m.

● Tiwai Point Invercargill aluminium smelter, third pot plant: cost NZ$175m—1980 estimate NZ$200m. (This is the only project where detailed planning has lowered estimated costs.)

● Liquigas liquid petroleum gas distribution system: cost NZ$151m — 1980 estimate NZ$15m.

●Extensions to Tasman pulp and paper newsprint plant near Rotorua: cost NZ$255m—1980 estimate NZ$200m.

Mr Muldoon . . . diversion



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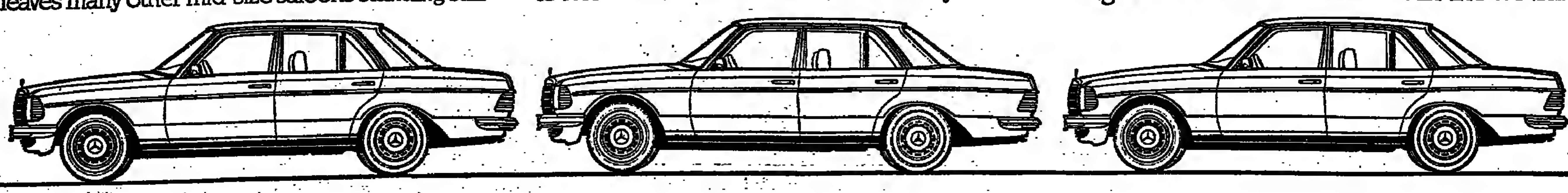


WORLD TRADE NEWS

Bonn opposes trade war with Moscow

BY JONATHAN CARR IN BONN

HERR HELMUT Schmidt, the West German Chancellor, has emphasised that the controversial Soviet-European gas pipeline project will go ahead, and that Bonn will not take part in any trade war against Moscow.

Herr Schmidt made the points in a foreign policy declaration in parliament yesterday — nearly a week after the U.S. announced tougher trade sanctions against the Soviet Union.

Recalling that the European Community had already expressed concern and regret at the U.S. efforts to prevent or at least delay the pipeline project, Herr Schmidt made three main points:

● The U.S. had repeated its criticism of the deal to European governments recently, but had not warned that it planned to extend its existing embargo measures.

● Bonn would stick to the deal because it was necessary to diversify West German energy imports. The business would not mean West Germany became over-dependent on Moscow for energy.

● The U.S. and the Europeans would now have to have talks to try to ensure that the differences over the pipeline embargo did not damage general trans-Atlantic economic co-operation.

The Chancellor noted that at the Western Economic Summit in Versailles earlier this month all participants had agreed to conduct their business with the Comecon countries according to "commercial prudence." It had also been agreed to improve control over the export of strategic goods to the East.

It had been relatively easy for West Germany to agree to these principles, Herr Schmidt said, since they implied no change in the policies already being followed.

"However, what should not happen, and what will not happen after Versailles so far as we are concerned, is that a trade war break out with the Soviet Union, which itself could usher in a new period of cold war," Herr Schmidt declared.

Thatcher fails to free John Brown contract

BY MARGARET VAN HATTEM, LOBBY STAFF

ONE of the disappointments of Mrs Thatcher's U.S. visit has been her failure to persuade President Ronald Reagan to help unblock a contract held by the John Brown group.

The contract to supply equipment for the trans-Siberian gas pipeline has been held up President Reagan's decision, last December, to impose curbs on exports of technology to the Soviet Union in protest over Soviet involvement in Poland.

As the contract involves a substantial number of jobs in Scotland, Mrs Thatcher had hoped to persuade President Reagan to release U.S. licencing and relicencing requirements in so far as they affected the supply of General Electric rotors.

However, Mr Alexander Haig, the U.S. Secretary of State, made it clear after Wednesday's talks that the President had refused her request. The President had been fully aware of the probable consequences of his decision when he took it, Mr Haig said. "He took his stand as a matter of principle. Just as Mrs Thatcher has her principles, we have ours."

Cable and Wireless wins £200m Saudi deal

By Guy de Jonquieres

CABLE and Wireless has won a £200m contract for the second part of a programme to equip Saudi Arabia's National Guard with a sophisticated nationwide communications system.

The contract was placed by the UK Defence Ministry, which negotiated the arrangements with the Saudi Government. It said yesterday that the project would last two or three years and would incorporate new features as well as extending existing facilities.

Cable and Wireless won the first part of the programme, also valued at about £200m, in April 1978. It is understood to have faced no serious competition for the second stage of the project.

Cable and Wireless will act as project manager. It does not manufacture equipment itself but sub-contracts work to a variety of suppliers based in the UK and overseas.

Few details are available about the Saudi system, which is designed to provide a support network for the 35,000-man National Guard, an autonomous defence force composed of hand-picked troops.

The agreement on the second part of the programme was signed in Riyadh on Tuesday by Mr James Craig, the British Ambassador, and Prince Badri, deputy commander of the National Guard.

Export credits deadline set

By Giles Merritt in Luxembourg

THE FUTURE of the international export credits consensus hangs on the forbearance of the U.S. and Japan as the EEC seeks to resolve internal disputes. Both have made clear their displeasure at further delays to settling a new regime for export credits.

European Community governments have decided to seek a further extension of the OECD countries' present consensus on export credits, after failing to agree on compromise proposals to reconcile the EEC view with the U.S. and Japan.

S. Korean shipyards pay price for success

BY ANN CHARTERS IN SEOUL

SOUTH KOREA'S booming shipyards are beginning to pay a price for their success in the midst of recession — a rising tide of foreign criticism over the subsidies they enjoy.

The criticism comes on the heels of Korea's shipyard expansion, which came on stream last year just in time to coincide with the fall in new ship orders and cuts in older shipyards in Europe, Japan and the U.S.

Korea's expansion has helped it move into second place in the world (after Japan) in new ship production. Korea now takes 8 per cent of world orders.

Competitors are claiming that Korean Government subsidies to the industry are excessive and that Korean export-financing is more advantageous than the terms agreed by the West's leading industrial nations — the Organisation for Economic Co-operation and Development.

Korea is not a member of the OECD and is not bound by its agreements, which include cuts in world shipyard capacity. In effect, the Koreans are accused of dumping.

Korean shipbuilders and the government, sensitive to such charges, assert that delivery time and foreign exchange risk have been the key factors—not just price—in winning contracts.

Mr Lee Kyoo-Shik, the Ministry of Commerce and Industry's director of shipbuilding, claims that Korean prices for ships are lower for basic vessels, such as bulk carriers, but can increase substantially for value-added vessels such as container ships.

He cites two recent international biddings, one for a 38,000 dwt bulk carrier when Korea's bid of $697 per dwt was slightly lower than Japan's bid of $666 and another for a full container ship, 31,000 dwt class, which brought bids of $1,507, $1,426 and $1,256 from Sweden, Korea and Japan respectively.

"Korean shipbuilders are even charged with dumping at times when Korea is not the lowest bidder," Mr Lee claims.

For less-sophisticated ships, much of Korea's competitive advantage stems from its labour force. According to a recent U.S. Maritime Administration report, Korean workers receive wages estimated at one-third those of their Japanese counterparts, although they are still behind Japan in terms of productivity.

Delivery time on new orders can be condensed because workers will work 24 hours a day to meet deadlines.

Mr Hong In-Kie, president of Daewoo Shipbuilding and Heavy Machinery said: "This is Korea, we work Sundays."

Daewoo's order-book as of the end of May held 19 ships with 474m gross tons valued at $840m. This does not include the 17 container ships for U.S. lines which are still under negotiation for financing. Daewoo inaugurated its shipyard last autumn with 1.2m gross tons in capacity, but is saddled with large debt obligations.

Hyundai Heavy Industries, Korea's largest shipbuilder, contends that its prices for ships are not substantially lower than those offered by the Japanese, but that delivery is better and the currency risk to the customer is less since Korean companies price contracts in U.S. dollars.

Japanese shipbuilders price in yen and the client takes the exchange risk. As of the end of May, Hyundai had an order-book with 47 ships at 1.1m gross tons valued at $1.4bn. New orders this year accounted for only nine ships at $162m.

Practically every ship order in Korea requires imported materials and components, although the Government has encouraged the growth of heavy industry and the local content has risen to 60 per cent with self-sufficiency to reach 90 per cent by 1984. Most specialised steels are still imported from Japan.

From next month, Korea's Export-Import Bank will award preference in financing to those shipowners using more Korean components, notably marine engines. This may be a difficult policy to implement in today's tight, buyers' market, but Korean engines, built under licence from Sulzer Brothers of Switzerland and Burmeister and Wain of West Germany, among others, have established a reputable performance.

The cost of backing the recent expansion is being noted by the Government. Expansion plans for the industry have now been shelved—at least until the end of 1983, when the Government will review the market.

Work in progress at Hyundai's Ulsan yard.

The Government has asked the yards to recalculate their capacity which is probably closer to 2.2m gross tons annually, rather than 4m, according to Mr Lee.

Korea's major shipyards have work through early 1983, but will face difficulties if new orders do not pick up. Government plans to offer domestic shipowners export financing terms for ship orders placed with local yards may not find many takers.

The Korean fleet already carries its share of cargoes from its trading partners and the world bulk carrier and tanker tonnage on order suggests that prospects are slim for picking up third country cargoes. Moreover, Korea's export financing covers only 55 per cent of the price at 8 per cent. The rest must be arranged with commercial banks at market rates.

UK cotton industry concerned over import quotas

BY NICK GARNETT, NORTHERN CORRESPONDENT

THE British Textile Employers' Association said yesterday that the present trend in negotiations for the new round of bilateral textile imports quota agreements was causing grave concern for the UK cotton industry.

The association believed the EEC may be close to agreeing an increase of a quarter above the 1982 quota for Peruvian yarn imports.

This would follow agreements already reached with Pakistan within the Multifibre Arrangement (MFA) for increases of between 1 and 2 per cent, up to almost double its 1982 quotas.

The association, which represents the majority of companies involved in the cotton and allied man-made fibre industry, said the Government and the EEC had indicated that early quota agreements would be "balanced out" in tougher bilateral agreements which would be negotiated with other exporting countries.

But there were already signs that "concessions" by the EEC in the first group of bilateral negotiations with Pakistan and Sri Lanka were being seen by other exporting nations as a precedent.

These "concessions" were set against an expected growth in the EEC textile market of only 1 per cent in the next year, the association said.

A survey of 68 textile quotas agreed over the past four years showed that, on average, they exceeded the trigger levels by 350 per cent. Fifteen of the quotas exceeded these levels by 600 per cent.

The trigger levels are the point at which imports reach a certain level that the Government, on behalf of the home industry, starts the process of negotiations on fixing quotas.

The association detailed a series of what it believed were signs that the MFA's control framework had broken down within the past few years.

Actual imports of Turkish cotton fabrics totalled 115 tonnes in 1980 but the 1982 quota was for 1,000 tonnes. Imports of undergarments from South Korea stood at 399,000 items in 1980 but last year's quota was 1.5m.

Mr Dennis Babbs, president of the association, said that unless there were much tighter bilateral import arrangements and firm UK Government support for British companies, the UK cotton industry could shrink to virtually nothing.

At the beginning of 1978, 73,000 were employed in cotton and related textile activities in Britain. The number of people in the industry had shrunk to 38,000 by April of this year. At least 18 factories employing 1,400 had recently notified their workforces that they will be closing.

CDC studies Philippines project

BY EMILIA TAGAZA IN MANILA

BRITAIN'S Commonwealth Development Corporation (CDC), the Government-owned investment and financing company, is looking into an oil palm plantation project in the Philippines in partnership with the state-run National Development Company (NDC).

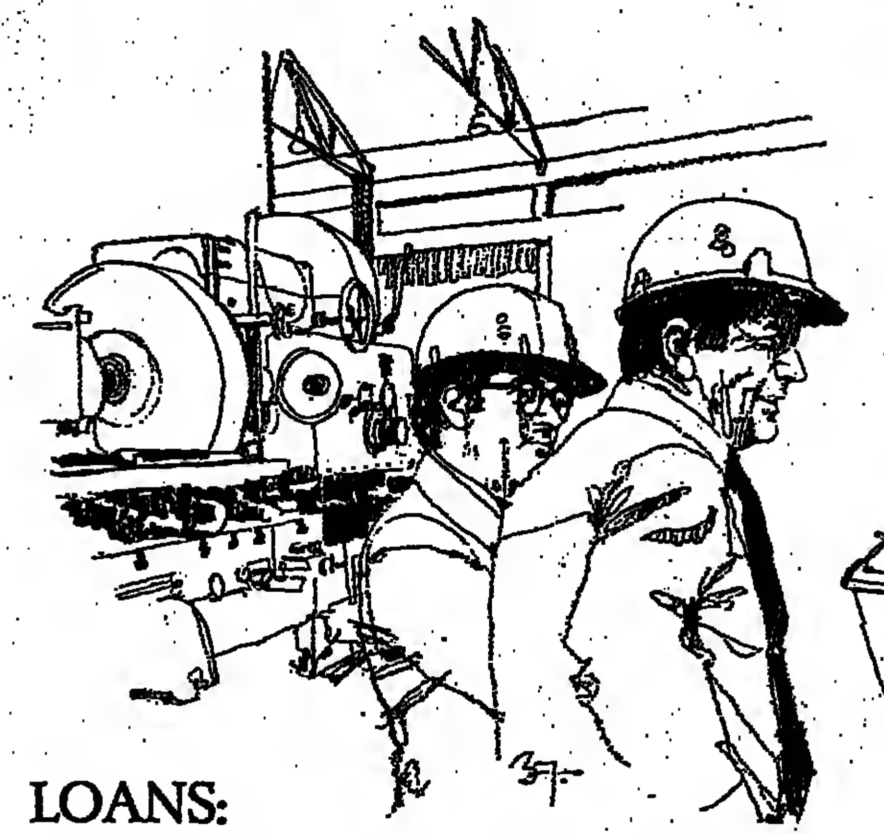
According to Mr Roberto Ongpin, NDC chairman and Minister of Trade and Industry, CDC may eventually go into rubber and cocoa estate development in the country.

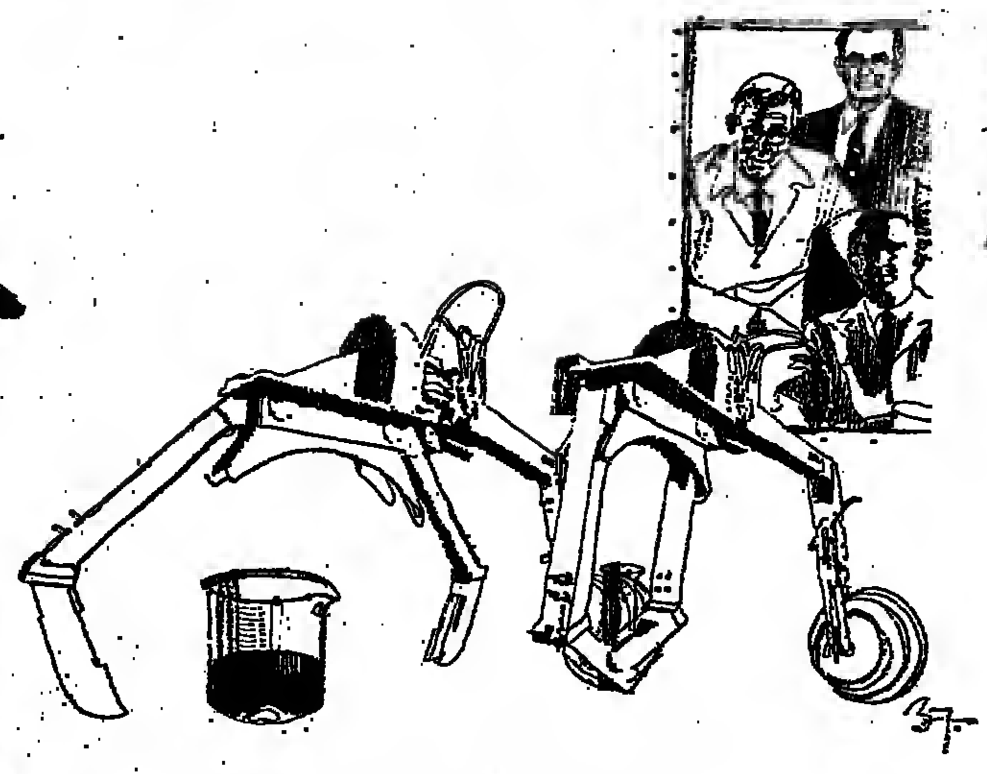
CDC representatives have visited various plantation sites in the southern region of the country, but the NDC seems keen on offering a 5,000-hectare area that was abandoned last year by Dunlop International.

Dunlop was to jointly own the 5,000-hectare estate with NDC and was to build a palm oil extraction plant, but it withdrew from the $45m (£25m) project after its Malaysian unit, Dunlop Estates, was placed under majority ownership of Malaysians.

If CDC goes into rubber plantation, it will be the second rubber estate project in the Philippines undertaken by a foreign company. Sime Darby earlier finalised a $100m rubber plantation project with NDC, covering 12,000 hectares of land in Palawan province in southwestern Philippines.

Money from the Midland.





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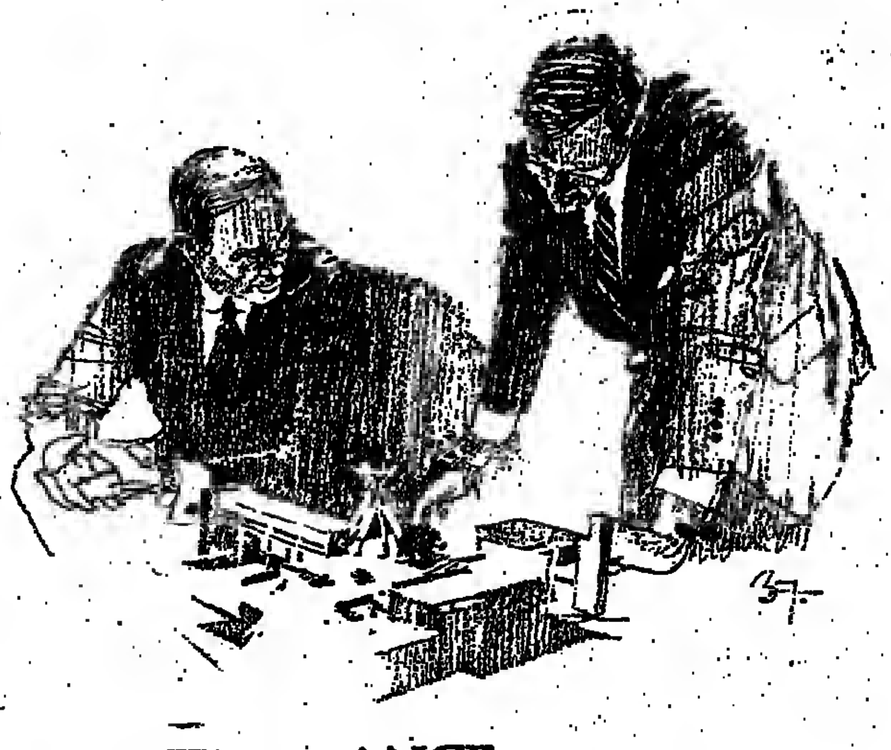

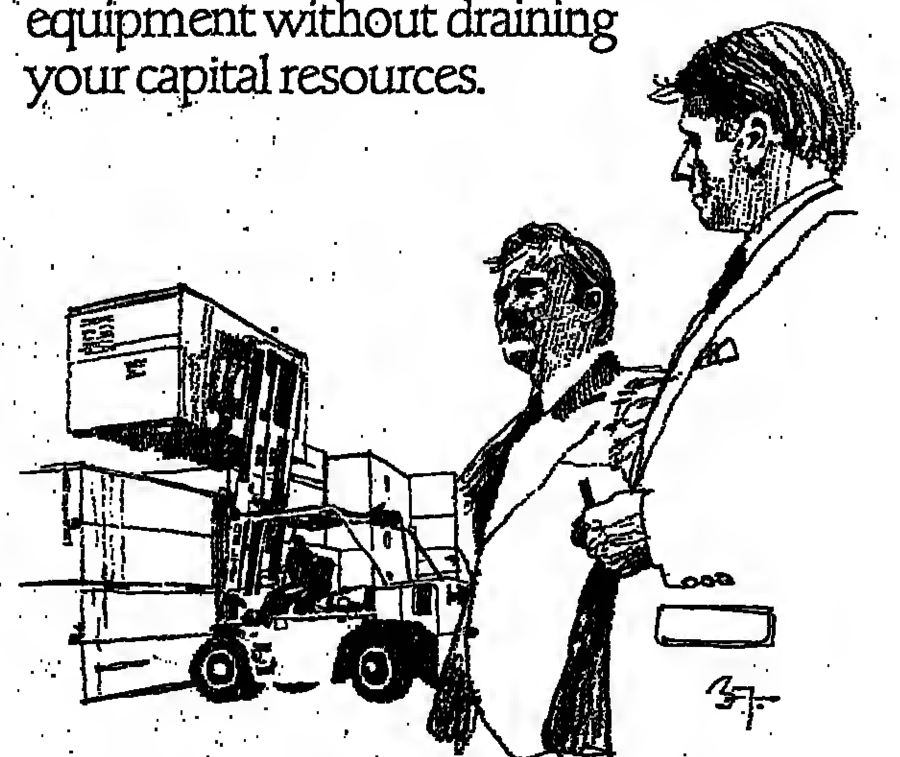

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Midland *the listening bank*

Building societies plan biggest ever merger

BY MICHAEL CASSELL

THE LARGEST merger in building-society history is planned by Burnley and Provincial building societies whose members will be asked for their approval in the autumn. If the proposal proceeds, it will create the sixth largest building society. The society would have assets of more than £3.25bn, 378 branches and more than 1.5m customers.

The announcement comes when the pace of mergers in the building society industry is increasing rapidly. Most larger societies believe they will have to grow even bigger to compete successfully among themselves and with the banks for savings and home-loan business.

The new society would be called the National and Provincial. It is the first time two societies with assets in excess of £1bn each have decided to combine. The Provincial with assets of £2bn lies eighth in the league of largest societies. The Burnley is in 13th position.

Mr Brian Holmes, chief executive of the Provincial and the proposed chief executive of the new society, yesterday said the number of societies could fall from about 250 to 100 over five years. In 10 years the number could be below 50.

Mr Holmes emphasised that the assets of all societies would rise from £65bn to more than £80bn in two years, and that more than 90 per cent of funds involved would be controlled by 10 societies. "National and Provincial will be one of these top 10," he said.

Mr Holmes said more major mergers were on the way. He would be extremely surprised if this was the last, or even the largest, building society marriage announced in 1982. At least two more were likely, he said.

The merger means the enlarged society's extensive national branch network could overlap in about 60 locations. As many as 30 branches could be closed. The societies say they do not envisage any redundancies.

The merger is designed principally to provide economies of scale. These would cut operating costs to levels achieved by the largest building societies. The plan is intended also to generate the resources which the societies say will be necessary for success in the highly competitive environment now surrounding them.

Mr Dennis Howroyd, Provincial chairman, said the merger spelt out the shape of things to come in the building society world. Competition in the savings and mortgage finance markets would rely increasingly on advanced electronic technology to provide customer services.

The new society would be in a position to make the capital commitment for this.

The Provincial, with other large societies, has been examining closely the potential for extending its money-transmission services and the allied plastic-card services provided by banks.

Chancellor defends level of investment

By Our Economics Correspondent

THE POPULAR notion that investment in the UK has been much lower than it should have been was described by Sir Geoffrey Howe, the Chancellor, yesterday, as "far too simple a view."

He said at the annual dinner of the Equipment Leasing Association in London that, as a share of total output, investment in the UK was comparable to that in the economies of most other major countries, except Japan. "Again, contrary to widespread belief, the share of investment in output is not much lower now than 15 years ago," Sir Geoffrey said.

There were clear signs of a pick-up in the previously depressed construction sector, he said, with housing starts now 40 per cent up on those of a year ago. "It is fairly remarkable that plant and machinery investment has barely fallen at all during the current recession. Such investment is now 8 per cent higher than in 1979."

The dinner guests also heard that the cost of equipment on the books of Britain's main leasing companies will reach £10bn by the end of this month.

Mr Leslie Christmas, chairman of the association, mentioned that business this year had shown "an encouraging improvement" over that of 1981. At the end of last year, the association's 58 member companies owned assets worth £8.9bn and over the year as a whole, did a record £2.7bn of leasing business in Britain and overseas. Some 12 per cent of investment in plant and equipment in the UK was now through leasing.

Manufacturers' stocks increase

MANUFACTURERS' and distributors' stocks rose by £110m at 1975 prices in the first three months of the year, according to a revised official estimate released yesterday. The rise, which is the first since the fourth quarter of 1979, was £5m larger than the preliminary estimate.

Revised figures for capital expenditure in the first quarter, also out yesterday, show a 4.5 per cent increase, compared to the previous quarter.

EEC gives £79m to 128 projects

GRANTS of more than £79m in all, have been made towards 128 projects in Britain. The grants, from the European Regional Development Fund, were announced by the European Commission yesterday. They bring to a total of £560m funds received by Britain since the scheme began in 1975. The biggest single grant of the latest allocation, £28.5m, contributes to the £1.5bn, 10-year investment of British Nuclear Fuels in the Magnox spent-fuel reprocessing operations at Sellafield, Cumbria. The company is virtually rebuilding its natural uranium reprocessing plant. Scotland receives £11.19m, of which the biggest grant is for a submarine electricity connection between the Orkney Islands and the mainland.

Aid for Irish Gas pipeline

The EEC may pay £12m towards a £50m gas pipeline between Dublin and Belfast, Mr Richard Burke, an EEC Commissioner, said in Belfast yesterday. The pipeline will carry gas from the Kinsale Field, off Cork in south-east Ireland, to Northern Ireland. It is due for completion in 1984. Mr Burke also unveiled a £4.6m package of EEC aid for the province, to include a £2.1m facelift for Belfast's Aldergrove airport.

Inquiry ordered on patent infringement

THE High Court has ordered an inquiry into the damages due as a result of an infringement of a patent for sliding-gate valves, owned by Dr Ernesto Fichera, of Stockholm. Mr Justice Whitford held in the Patents Court that the patent was valid and had been infringed by the Flo-Con sliding valves of Flogates and Lloyd-Cooper, two companies which had been sued by Dr Fichera and Fichera Aktiebolag.

Hamilton set to drill second well after gas find off Yorkshire

BY RAY DAFTER, ENERGY EDITOR

AN EXPLORATION consortium led by Hamilton Brothers discovered gas in the North Sea 80 miles off the Yorkshire coast.

The well was drilled as a result of pricing encouragement from British Gas Corporation. It has been sealed temporarily as a potential producer. Hamilton Brothers is about to drill a second well nearby to evaluate the reservoir's extent.

The discovery was made by the drilling rig Galveston Key in block 43/13 at a depth of about 5,000 ft. Gas flowed in tests at a total rate of 38m cu ft a day from two sections of the reservoir rock.

Although the new well will be sunk adjacent to the discovery hole it will be drilled at an angle to evaluate the reservoir's spread. In this way both wells and possibly future wells might be linked to a central production unit.

It is possible also that other small gas discoveries in the area previously made by Hamilton Brothers could be linked to this production system.

In recent years there has been a hiatus in North Sea gas exploration, largely because the oil industry has been dissatisfied with prices offered by British Gas for supplies.

It is understood, however, the Gas Corporation told Hamilton Brothers and other operators it would be willing to pay higher prices for supplies. The Gas Corporation is concerned about meeting needs in the 1990s.

Participants in the 43/13 discovery were Hamilton Oil GB (48 per cent), Hamilton Brothers Petroleum (12 per cent), RTZ Oil and Gas (25 per cent), Blackfriars Oil Company (12.5 per cent), Trans-European Company (2.5 per cent).

The British National Oil Corporation yesterday told other North Sea oil companies that UK oil prices should be frozen at $33.50 for the next three months.

Prices were last raised on June 1, when the reference level was lifted by $2.50 a barrel in spite of resistance from some major refiners, including Shell and British Petroleum.

New BNOC contracts, which come into effect on July 1, will maintain the North Sea reference price at $33.50 unless there is a significant change in world market rates.

Docklands rail link to cost £65m

By Hazel Duffy, Transport Correspondent

A PLAN to link London's Docklands by rail to the City and the East End at a cost of £65m will be submitted to the Department of Transport soon, following its approval by the Greater London Council's transport committee.

The link is the first major decision on the transport needs of the Docklands after decades of discussion. It would provide two light rail links: one between the Isle of Dogs and Tower Hill—bringing the central business district in easy reach of the Docklands—and the other between the Isle of Dogs and Mile End, linking in with the existing Underground network in the local hinterland.

The GLC backing follows the preparation of a joint report by the council, the London Docklands Development Corporation, three Government departments (Environment, Transport and Industry) and London Transport.

The commitment to a rail link, which will depend on the Government agreeing to fund the scheme, is seen as a prerequisite for creating confidence for going ahead with development of the Docklands.

Mr Dave Wetzel, chairman of the GLC's transport committee, said yesterday: "Just building the railway would attract more than 9,000 jobs to Tower Hamlets—one of the areas in London the hardest hit by unemployment—but connecting Docklands with the City would help provide the right mix of developments, both public and private, necessary for a broad-based economic recovery."

The light rail link has been chosen in preference to the more ambitious expansion of the East London-New Cross Underground route, which would be much more costly. The light rail link, using existing rail rights of way relinquished by British Rail, would be the first in London.

The GLC, which is reasonably optimistic that the scheme will receive approval for government funding, expects that the technical assessment of the equipment requirements would follow quickly. It is estimated the scheme could be in operation by 1987.

Steel castings closures scheme revived

BY IAN RODGER

F. H. LLOYD, the steel and castings group, has made proposals aimed at reviving the Lazard Brothers plan for rationalising the steel castings industry.

The scheme, announced last November, was shelved in December because Lloyd, the largest company in the sector, with a 20 per cent market share, refused to join.

Since then, there have been substantial ownership and board changes at Lloyd and the new chairman, Mr Lewis Robertson, hopes the Lazards plan can be rescued.

The plan involved getting a number of companies to agree to leave the sector while those that remained and benefited from improved operating conditions would contribute to compensating them.

Mr Robertson said yesterday that he agreed with the previous board that the plan did not take account of the special circumstances of large companies that made all sizes of castings. There was, for example, more competition in smaller castings than in large ones.

But the scheme would work if a minimum number of companies representing a minimum amount of tonnage took part, he said.

Measures could be devised to make sure that most of the business given up by the "closers" actually ended up going to those in the scheme rather than to outsiders and importers.

The proposals were presented to Lazards about two weeks ago. Mr Robertson said he wanted to dispel the idea that Lloyd, whose castings business is in reasonable health, was not interested. "We have made a real effort to be positive," he said.

Lazards said yesterday that following discussions with the five largest companies in the general steel casting field, they would be circulating a new draft plan within a month. It would include a proposal for relating the closers' compensation to the transfer of tonnage to the remaining casters.

It would also include a mechanism providing for a gap between the time when companies joined the scheme to the moment when they had to decide whether they would close or stay in business.

A similar rationalisation scheme for the static high alloy steel casting sector, on which Lazards won agreement last December, was completed this week when four of the 12 foundries closed.

Lazards proceeded with the high alloy plan when it became clear that its general castings sector plan to reduce overall UK capacity by 25 per cent to 150,000 tonnes per year would not be accepted.

Results, Page 21

Gloomy prospect for Invergordon smelter

BY IAN RODGER

THE SCOTTISH OFFICE is still holding discussions with a few companies aimed at re-opening the Invergordon aluminium smelter.

But Mr George Younger, the Scottish Secretary, told a delegation from the Highlands yesterday that world aluminium markets were extremely depressed and he would not give odds on for a successful outcome.

Mr Younger assured the delegation that the Government was being very flexible on the vital question of the power contract, and was prepared to offer a direct subsidy to ensure that the plant's power costs were internationally competitive.

The high cost of power was the main reason for British Aluminium's closure of the smelter in December with a loss of 890 jobs.

British Aluminium was among the 16 companies recently approached by the Scottish Office to discuss new terms. But last week, the company announced it was not interested because, "On the basis of the indications received, British Aluminium does not believe that it will be possible to negotiate terms which would enable the company to operate the smelter competitively or profitably."

British Aluminium also reminded the Government that its undertaking to maintain the plant in case another operator could be found expired by the end of June.

Mr Younger said yesterday he would be astonished if British Aluminium started stripping the assets while discussions were still going on. The best outcome for the company, he said, would be to find a buyer rather than realising scrap value.

He added that initial discussions had taken place with British Aluminium on maintaining the plant after this month. The company had said it was suffering substantial losses and needed the money—about £4m-£5m—which it could raise mainly from recovering the plant's aluminium busbars (primary power conductors).

Leading U.S. banker urges Reagan to spend more

BY PAUL TAYLOR

THE Reagan Administration should undertake a "controlled expansion" of the U.S. economy, one of the country's leading bankers said in Scotland yesterday.

Mr Harry Taylor, president of Manufacturers Hanover Corporation, the parent company of New York's third largest bank, said such an expansion was "not only safe but necessary."

Mr Taylor was speaking at the 35th International Banking Summer School, organised by the Institute of Bankers. He said that although Federal deficits "rightly remain a concern," some aspects of government spending could be usefully increased to stimulate non-inflationary growth.

These areas included the renewal of the infrastructure such as trunk roads, harbours, railways, education and special depreciation allowances to encourage the introduction of modern plant.

Additional expenditure could be offset by greater scrutiny of defence spending, "without sacrificing the aim of President Reagan's defence policy."

"The argument that monetary policies cannot be relaxed even cautiously until there is greater assurance of fiscal restraint can be answered by contending that fiscal restraint becomes counterproductive when recession reduced government receipts by more than the increased government outlays it occasions," he said.

Mr Taylor argued that a return to growth would benefit commercial banking. He added that a more realistic approach to official regulation and supervision of banking "would also do much to foster the controlled evolution of the banking system."

Canberra expected soon in wake of Alacrity

BY ANDREW FISHER, SHIPPING CORRESPONDENT

THE CANBERRA, one of Britain's most prestigious cruise ships, will soon be on its way back from the South Atlantic to be transformed again into a luxury passenger vessel.

The Ministry of Defence has not confirmed that the Canberra will soon be coming back from duty with the Falklands task force. But the liner is likely to return to Southampton in the middle of next month.

However P & O's cruise flagship will need several weeks of refitting and smartening-up before it can resume its customary role. It is likely to be the middle of September before it starts cruising again.

The frigate Alacrity sailed home from the South Atlantic yesterday to a welcome from the people of Plymouth.

The Alacrity, the first task force frigate to return, survived a hail of missile attacks and played an important role in rescuing men from the Atlantic Conveyor container ship, which was destroyed by an Exocet missile.

About 50 British merchant ships have been involved with the task force. The Government has paid considerably more than £50m in requisition and charter fees.

The Canberra could be back in the UK around the middle of July. But with the amount of repairs and other work to be done on its return, it is likely to be the middle of September before it starts cruising again.

Cunard's QE2, the first task force vessel to return, is still being revamped by Vosper Ship-repair in Southampton. She is due to start sailing again in the middle of August with a voyage across the Atlantic.

Small business failures set out

By Our Industrial Editor

JUST MORE than 40 per cent of the 60 small businesses which were believed to have shut under the Government's small-companies, loan-guarantee scheme were new businesses, the Industry Department said yesterday.

The total number of failures, which is believed to have risen from 50 to 60 in the past fortnight, has not been confirmed officially.

The figures mean about 60 per cent of the failures were among existing companies given extra finance under the scheme.

The total number of guaranteed loans approved since the scheme opened a year ago exceeds 4,500.

Atlantic Conveyor

Cunard has asked us to make clear that the Atlantic Conveyor, which was lost in the Falklands hostilities, was insured for £10.5m and not for £6.5m as reported in the Financial Times this week.

Chittagong raiders not pirates, judge rules

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

NATIVES armed with knives, who boarded and stole from a ship anchored off the Bangladesh port of Chittagong, were not pirates, a Commercial Court judged ruled yesterday.

Force, or the threat of it, was an essential element of piracy, said Mr Justice Staughton. The raid on the Andreos Lemnos in Chittagong Roads had been a "clandestine theft." The raiders used force only to make their escape when discovered after completing the theft.

"It is not necessary that the thieves must raise the pirate flag and fire a shot across the victim's bows before they can be called pirates; but piracy is not committed by stealth," the judge said.

In a test case on marine insurance, he rejected a claim by Athens Maritime Enterprises Corporation, the ship's owner, that the loss of $5,754 (£3,330) worth of ropes and other equipment resulted from piracy or riot and was covered by insurance provided by The Hellenic Mutual War Risks Association (Bermuda).

The loss occurred when the vessel was anchored 2.8 miles offshore, in Bangladesh's territorial waters. The six or seven raiders were repelled by the captain and crew, armed with jacks, the ship's pistol and rockets.

The judge rejected the Association's argument that Piracy could occur only outside territorial waters. That might be so under international law, he said, but different considerations applied in the context of marine insurance.

Nor did he accept the suggestion that, if there had been piracy in this case, "every robber on board a houseboat in the Thames would be liable to prosecution in every country in the world."

Mr Stoughton also rejected the owner's contention that piracy could be committed anywhere within the jurisdiction of the old Court of Admiralty—"in places where great ships go" or "at a place where the tide flows and below all ridges."

His view was that if a ship was "at sea," or if the attack on her could be called a "maritime offence," then for insurance purposes she was in place where an act of piracy could be committed. It was, however, the absence of force before the theft was completed that defeated Athens' claim.

The judge said his conclusion that it had not been piracy accorded with the commercial sense of the matter. The use of the word "piracy" in the Associations rules covered the loss caused to shipowners if their employees were overpowered by force, or terrified into submission.

It did not insure a loss when, for example, a night watchman was asleep and thieves stole clandestinely. "The very notion of piracy is inconsistent with clandestine theft."

Athens' claim that the loss resulted from riot was similarly rejected, because there had been a riot only after the theft was completed and the equipment thrown overboard.

British Gas to build £15m heat recovery plant

BY OUR ENERGY EDITOR

BRITISH GAS is planning to build a £15m waste heat recovery plant, claimed to be the first of its kind in Europe.

The system will be installed at the corporation's Kirriemuir compressor station in Scotland, used for boosting the flow of gas along three main feeder pipelines.

Incorporating both gas and steam turbines, the plant will replace Rolls-Royce Avon engines which are to be retained to increase throughput during periods of peak demand. The Avon engines will also be used as a standby.

The new plant will be based on a Rolls-Royce RB-211 jet-powered gas turbine. Waste heat from this unit will be used to condense steam and drive a second turbine. The two turbines will be able to handle about half the average daily gas demand in the UK.

British Gas said the process, which would increase the power of the Kirriemuir station by about 30 per cent, was known to be in use in only two other gas-handling locations at Columbia, West Virginia, and Erath, Lousiana.

● British Gas and Dorset County Council have been awarded the Royal Town Planning Institute's Silver Jubilee Cup for Environmental improvement for the development of the Wytch Farm oil field in Dorset.

The cup was presented yesterday by Mr Michael Heseltine, Environment Secretary. Mr Nigel Lawson, Energy Secretary, is pressing British Gas to sell its 50 per cent stake in the Wytch Farm Field. An offer document is expected to be published shortly.

The Town Planning Institute's assessors concluded that the Wytch Farm development was a "model, not only for the oil industry, but for anyone who has to handle development involving heavy technical equipment which is foreign to the landscape in which it has to be sited."

BP oil chief criticises Conoco's price pledge

BY RICHARD JOHNS

ANY RETURN to "severe competition" in the petrol sales business could lead only to a faster reduction in the number of retail outlets, Mr Ian Walker, chief executive of BP Oil warned yesterday.

Commenting on Conoco's pledge to charge 1p "less per gallon than other companies in the UK retail market, Mr Walker of such warfare despite the difficulties faced by rivals in refining and distribution.

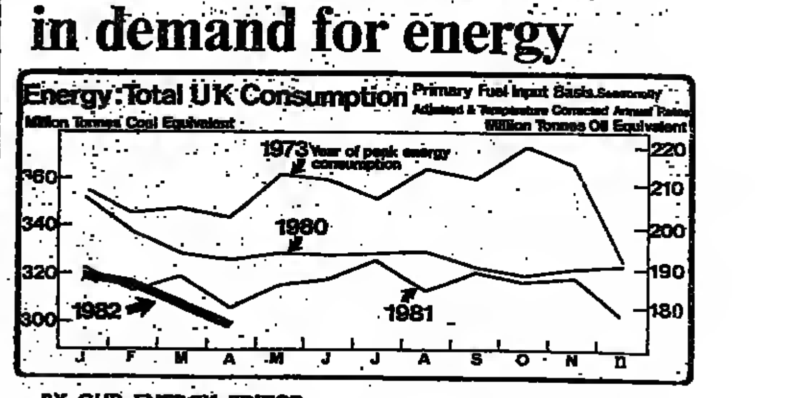
He would not predict the outcome of Conoco's initiative and admitted that "the question of price sensitivity in the consumer's mind was a critical one.

He acknowledged the advantages enjoyed by Conoco in its Humber Refinery and expressed scepticism about the assurance given a week ago by Mr H. K. Bowden, its chairman, that the subsidiary of the U.S. company did not aim to increase its market share, currently about 5 per cent.

Conoco has given notice that it intends to revert to its aggressive pricing tactics of the early 1960s. Mr Walker suggested that it might merely achieve "the 1990 image of the Asief" —a reference to the assertion by British Railways' management that the train drivers union could price members out of the market by pressing the present wage claim.

The margin left by the new price of 1.78p per gallon was "on the low side of what was acceptable."

Steady decline continues in demand for energy



BY OUR ENERGY EDITOR

ENERGY demand in the United Kingdom has fallen again as a result of conservation measures and the depressed economy.

Latest government figures show that total energy consumption during the February-April period fell to the equivalent of 86.3m tonnes of coal, some 1.5 per cent down on the corresponding three months of last year.

Demand for coal, oil and natural gas has declined steadily since 1979. The consumption level, measured on a seasonally-adjusted and temperature-corrected basis, is more than 13 per cent below the peak rate of demand nine years ago.

Despite the general fall in demand in the February-April quarter, consumption of oil products rose from 17.5m tonnes in the corresponding period last year to 17.8m tonnes. Most of the increase was due to increased deliveries of petrol (up 4 per cent) and aviation turbine fuel (up 5.4 per cent).

Consumption of coal fell by 6.2 per cent (to 29.5m tonnes during the quarter) while demand for natural gas dropped by 0.7 per cent.

The gap between UK oil production and consumption continues to widen. In the February-April period just more than 24m tonnes of oil were produced, mainly from the North Sea. This was 9 per cent up on output a year earlier. But the amount of crude oil and process oil used in refineries fell by 7.4 per cent to 18.5m tonnes in the same period.

The depressed demand for coal has partly accounted for a steady build-up in stocks. In May coal stocks stood at a total of 46m tonnes, some 1.6m tonnes up on the previous month and 5.7m tonnes up on May 1981.

Self-help boost for the young unemployed—by royal command

BY ARTHUR SMITH, MIDLAND CORRESPONDENT

PRINCE CHARLES has taken the initiative to stimulate job creation schemes in Birmingham and Liverpool.

Working discreetly through the Prince's Trust, a charity, he has assembled employment initiative committees in the two cities suffering increasingly from young unemployment.

In Birmingham, projects to employ about 200 people have been organised already. Mr Barnard Guard, a full-time director, has been seconded from Marks and Spencer. In Liverpool, ICI has seconded Dr Bill Smith as director.

"Prince Charles feels very strongly about unemployment and he decided last autumn to set things moving to make a more positive contribution," says Mr Richard Shaw, secretary of the Prince's Trust.

The charity was established in 1976 to make funds available to people under 25 for self-help schemes. Mr Shaw was seconded in April, 1980, from the National Westminster Bank.

Voluntary regional committees throughout the UK usually comprise social workers, the police, church and education leaders.

For the employment initiative, special committees have been set up to draw in leaders of business, trade unions and public agencies.

"In Birmingham and Liverpool, we have done something unique and brought around the table powerful people able to get things moving," says Mr Shaw.

"The Prince's Trust has an enabling role acting as the catalyst to create employment opportunities. With limited resources of finance and manpower, we have shunned publicity in order not to arouse false expectations."

Mr Shaw says: "Prince Charles himself argues it is better to produce just one job rather than stand back and do nothing."

In recent visits to the Midlands and the North West, Prince Charles has informally met the committees to keep up to date possible initiatives.

The Rev David Collyer, chairman of the Birmingham employment initiative, said yesterday that more than 50 projects were under consideration. About 200 jobs were in the pipeline already.

The biggest scheme initiated by the trust involves a partnership between private capital and the Manpower Services Commission (MSC).

Ashton and Moore, Birmingham metal finishers, plans to refurbish a 19th century building in Hockley, in the city's famous jewellery quarter.

Jewel Court, subject to planning consent, will have up to 40 individual workshops to encourage young people to set up in the jewellery business. There will also be lecture rooms, exhibition space and restaurant facilities to encourage tourism.

The project will be funded by the Manpower Services Commission under its Community Enterprise Programme. Work will be provided for 43

Mr Jonathan Sleigh, MSC's regional director, said the development marked "a major milestone in the city." It was the first time a sponsor from private industry had become involved in a CEP scheme for unemployed adults.

Mr Ashton said Jewel Court with its small workshops would provide a starting place for talented young people

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Engineers expect apprentice intake to be record low

BY ALAN PIKE, INDUSTRIAL CORRESPONDENT

ENGINEERING INDUSTRY apprenticeships, which fell last autumn to the lowest level since records began, are expected to be even fewer this year.

The Engineering Industry Trainiog Board's latest survey of intentioos to recrult indicates that only 8,960 new apprenticea will enter the iodnstry this summer and antumn.

Last year 14,950 apprentices were recruited, iocluding 4,000 who are being funded by the board with Manpower Services Commission funds, rather than by companies. This year only 2,000 extra traioees are likely to be supported in this way.

"Total recruitment is likely to be much below replacemeot level," says a training board report. "This is bound to cause trouble in the form of skill shortages in future years." The report says that, while economic indicators suggest that the recession has turned the corner in eogineeriog, there is oo sign of aoy recovery in the industry's recruitment of apprentices.

Io the best years of the 1960s and 1970s, engineering apprentice recrultment rose above the 25,000 level. The current problem of low recruitment Is made worse by what the training board describes as an "unprecedentedly high level of redundaocies" among apprentices.

Since September 1981, 1,294 craft and technician apprentices have beeo made redundaot, although the board has managed maoaged to place most of them io alternative employmeot or trainiog.

The sarp drop last year in the intake of eogineering apprentices was matched In other industries. This is likely to be so this year.

In the construction industry there has been a 16 per cent drop in recruitment of apprentices, and other trainees engaged in off-site trainiog, duriog the past year. Recruitmeot io the 1981-82 training year was 9,253, compared to 1,019 in 1980-81.

The Construction Industry Training Board says it is also having great difficulty in finding new employment for apprentices, who are being made reduodant at the rate of 130 per mooth.

Robin Pauley examines the GLC's effort to use its Greater London Enterprise Board to effect radical change

Regenerating London's industry through the grass roots

THE FULL extent to which the Greater London Council is planning to try to use its Greater London Enterprise Board as a mechanism for structural change, rather than as a traditional means to encourage small businesses to start and expand, has become clear in recent GLC documents.

The initial Idea behind the Labour Party's plan to regenerate tha economy of London and creata new jobs Involved investment in small businesses, workshops aod co-operatives.

Mr Edward Cunningham, a director and deputy chlef executive of the Scottish Development Agency, was appointed chairman and chief executive.

Mr Michael Ward, chairmao of the GLC Industry and Employmeent Committee, who regarded Mr Cunningham as a prize catch, then stressed Mr Cunningham's experience in promotioo of small companies and development of innovative approaches to investment. Last month Mr Cunningham quit before be eveo started work.

His letter of resignation underlines the differences which have ariseo between him and Mr Robin Murray, head of the GLC's economic policy group and a former fellow of the Institute of Development Studies at Sussex University.

Mr Cunningham's policy would bave limited GLEB investment In any one enterprise to £200,000 at first and would hava concentrated on smallar enterprises.

His resignation letter says: "The thrust hehind the programme Is to integrate GLEB's own activities (Investment business advice and infrastructure) together with those of other organisations (including private sector sources of finance) in support of amaller enterprises and io support of stimulating economic activity in areas suffering from decline."

He also said the financial resources available to the GLEB were minute, compared to the overall requirements for finance of industry in Loodon. "Consequently it makes sense to direct these resources where there is real need and where they can hava an impact. At the larger end of the firm size spectrum, GLEB resources can only expect to bave a minimal and isolated effect."

Mr Cunningham recounts details of a series of meetings with Mr Murray, who, Mr Cunningham says, stressed the "limited relevance" of the approach over smaller enterprices and the importance of priority to Investment in large and medium-sized companies to bring about "structural change."

Apart from being cootrary to his own programme, Mr Cunningham said that approach could *not* achieve its objectives because medium-sized and large compantes would oot see the GLEB as a source of funds preferable to their present financial institutions.

Mr Cunningham, in his letter, theo withdraws acceptance of the job oo the grounds that the GLC committee had decided to endorse Mr Murray's approach.

Since then Mr Murray has been promote dto be a director of the GLEB. Mr Alan McGarvey—an official of the former National Enterprise Board and Labour member of Wandsworth Borough Council in Londoo—has ben appointed in place of Mr Cuooingham as head of the GLEB, which will operate with a £25m budget for its first year, rather than the planoed £40m.

> "It is important to enlarge the control of workers over their work and the responsiveness of firms to consumers."
> Michael Ward

A report by Mr Ward to his committee this mooth underlined the new approach and the "inadeqoacy" of the traditional industrial policy, the tenets of which be listed as:

- concentration on property infrastructure;
- direct investment in enterprise should be a minimal aod peripheral activity;
- only small enterprises should be belped;
- *promotion, advertising and* incentives are a main component of policy.

This is not enough, Mr Ward says. "London's industrial decline is so serious that only a large-scale investment programme, aimed at key sectors of London's industry, will rescue the capital's manufacturing economy from almost total annihilation," he says. Another document identifies engineering, clothing and furniture as the likely sectors.

Mr Ward then swings the approach against the concept of the old National Enterprise Board, which was watered down by the 1975 Industry Act, and which the Laboor Left now regards as a great betrayal by the Labour leadership of the day.

"The policy also seeks to avoid the unsatisfactory and alienating aspects of the ways in which the institutions of a National Eoterprise Board and Planniog Agreemetns were implemented in the years 1974-79 and, by emphasis of the planniog of existing local resources, to avoid the competitive or 'auction'-like problems encountered io traditional regional policy."

The Labour Party manifesto for the GLC elections last year iocluded a commitmeot to worker and unioo participatioo. That clearly remains paramount. "Aoy intervention by GLEB in pursuit of aoy of its investment fuoctions will be cooditional on the agreement between GLEB, the enterprise, and the unions concerned, covering in particular future patterns of employment and iovestment."

GLEB policy will also be to encourage working people to extend their control as producers and consumers through the developmeot of new forms of social ownership.

"It is important to enlarge the cootrol of workers over their work and the responsiveness of firms to consumers. That is why we should eocourage the development of more democratic forms of productioo such as co-operatives and municipal enterprises," *Mr Ward says*

This all reflects strongly the ideas for which Mr Murray became well known io the 1970s. They are deeply rooted in support for workers' power. The Lucas workers' initiative in the design and manufacture of alternative products is regarded as a key step forward. Its prime mover, Mr Michael Cooley, was appoioted this year to the GLC ecooomic policy group.

The group is also heavily influeoced, it is clear, in all its thiokiog by the "failure" of the National Enterprise Board and of attempts to plan from the top down, rather thao up from the grass roots. This leads to support for extensive use of public money on social enterprise, ratberthan within the traditional econoeic wheel.

The level of grant to ooe eoterprise will be limited to £500,000, unless the GLC Industry aod Employmeot Committee gives special permission. The limit for investmeot in any one eoterprise will normally be £1m.

Given a budgetary limit of £25m in the first year, a prime commitment to achieve structural change in the industrial ecooomy of London tbrough involvement with large enterprises, and a beavy bias towards social need in decisions on employment, the GLEB will find its target of 10,000 new jobs by 1985 difficult to accomplish.

The papers show clearly, however, that the appointments of Mr Cunningham aod *Mr Murray* were incompatible. They were both chosen towards the eod of last year but once Mr Murray took up his GLC post, there was little possibility of a rapprochement with Mr Cunningham's traditional views of economic regeneration through concentration on small husioesses.

The response of large compaoies, the private sector and the fioancial institutions to the radical approach remains to be seen. Mr Murray thioks they will respood aod Mr Ward bopes they will.

Mr Cunningham, on the other haod, warned: "If GLEB anoounces a programme with a stated concentration oo this size of group (medium to large companies), this objective will be widely seen as unachievable and consequently GLEB's credibility will be questiooed from the outset."

Big payment for Mersey Docks stockholders

Financial Times Reporter

THE SALE of the Merseyside Development Corporation and others of surplus land owned by the Mersey Docks and Harbour Company should enable the payment of at least 12p in the pound next year to the stockholders of the former dock board, which suffered a financial collapse 10 years ago.

The announcement by the chairman, Sir John Page, was the one bright item in his statement to the annual general meeting in Liverpool yesterday of the reconstituted company, which lost £7.5m last year.

It will be the largest payment so far to the former stockholders, who have received 8p in the £ with a further 2p due this year. The largest payment so far was 3p in 1978.

The meeting, attended by about 100 shareholders, was one of the shortest on record. It lasted less than 20 minutes, with only one question from the floor.

Sir John reported that so far this year, the port's trade had shown little improvement over that of last year. He referred to the loss of some South American trade following the conflict in the South Atlantic, and also to import controls imposed by Nigeria.

He went on: "We cannot continue making losses, as the company would not have the funds necessary for it to carry on in business or for investment in the future of the port. Every effort therefore is being made to become viable next year."

The chairman made an updated statement on the negotiations to settle the amounts to be paid to the company for the land.

"Taking all the lands vested in the development corporation last July, the total sum the company expects finally to receive lies between some £3.5m and £7m."

He added: "It is not possible to predict when the whole amount will be paid."

Fire damage costs fall by £3.7m

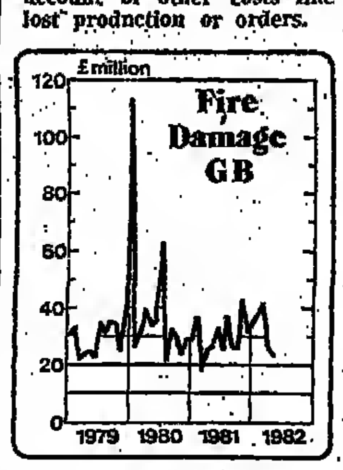
By Our Industrial Correspondent

THE ESTIMATED cost of fire damage in Britain last month was £22.7m, a £3.7m drop on the May 1981 figure of £26.4m.

During the month there were three fires causing damage of more than £1m each and a further 10 costing at least £250,000 each, says the British Insurance Association.

Another 55 fires caused damage of more than £50,000 and 21 of these were in public places such as cinemas, schools shops, social clubs and theatres.

The association's figures cover both insured and uninsured damage, but do not take account of other costs like lost production or orders.



Printing groups agree to merge

By Our Industrial Correspondent

AGREEMENT has been reached on an amalgamation between the British Printing Industries Federation (BPIF) and the British Carton Association (BCA), subject to a vote of the BCA membership. If the proposal is approved the trade association activities of BCA will be carried out through a special section within the printing federation.

U.S. credit card group opens London branch

BY ALAN FRIEDMAN

MASTERCARD, the U.S.-based international credit card and travellers cheque association, is opening its first London branch office. Mr David McWilliam, an assistant general manager in Midland Bank International's treasury division, has been chosen to head the office and will be responsible for all operations outside the U.S. and Canada.

Mr McWilliam is a former chief executive of Euro Travellers Cheque International (ETCI), the ill-fated attempt to establish a Europe-wide travellers' cheque bank consortium.

The venture failed after West German savings banks refused to participate in a scheme to purchase the Thomas Cook travellers' cheque business from Midland Bank. Mr McWilliam returned last November to Midland after a 14-month secondment at ETCI.

In London, Mr Russell Hogg, president of MasterCard, yesterday said Mr McWilliam would become a senior vice-president of the organisation, which operates through partnership agreements around the world. In the UK the MasterCard partner is the Access credit card system; on the Continent it is linked to Eurocard.

Mr McWilliam will be MasterCard's global strategic planning representative in Europe, the Middle East, the Far East and Latin America, and will take part in global strategic planning. "He will be the man who co-ordinates strategies with major partners around the world," said Mr Hogg.

The decision to open a London office was part of a major MasterCard reorganisation stemming from Mr Hogg's decision in 1980 to replace a number of top-level MasterCard executives. The international position had been left vacant for 18 months.

Mr Hogg said he was not emulating the structure of either Visa or American Express, both competitors with London bases.

UK NEWS – PARLIAMENT and POLITICS

Falklands defence 'will be responsibility of Britain'

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THERE IS no chance of establishing a multinational force within the next few months to safeguard the security of the Falklands, Mrs Thatcher said in the Commons yesterday.

Britain would have to undertake the defence of the islands herself, for some time ahead she told MPs when she reported back on her speech to the disarmament session a the United Nations and her meeting with President Reagan.

After her statement, and throughout Question Time, she was in noisy clashes with Mr Michael Foot, the Labour leader, over the letter which she wrote two months before the Argentine invasion saying that the 42 marines stationed near Port Stanley were a "sufficient deterrent against aggression."

Mrs Thatcher: noisy clashes over letter on deterrence

Mrs Thatcher promised that all these facts would come out in the inquiry she has promised on the Falklands and emphasised that it will also deal with the record of the Labour Government on this matter. "I am willing and anxious to have every single bit of evidence before the inquiry," she declared.

"I don't wish to hide anything—I wish everything to be out, every single thing, under this Government and previous Government."

The Prime Minister said she had not talked very much with President Reagan about the possibility of a multi-national force for the Falklands. "I don't think there is any possibility of getting one, at any rate for some month," she added. "It is too early, really, to consider it."

She agreed that the Argentines should not be allowed a share in the sovereignty of the islands and that such a possibility had deterred investment there in the past.

"That is one of the reasons why we shall have to consider the long-term defence of the islands," she explained. "There is not the slightest shadow of doubt that in the immediate and intermediate future that will have to be carried out by us."

She assured her back benchers that she had made clear time and again to the U.S. Government and others that there was no question of sovereignty being negotiated. The islands were British sovereign territory with people of British stock. The sovereignty could not be negotiated by those people.

The former Labour Prime Minister, Mr James Callaghan drew massive shouts of support from his colleagues when he reminded her that in February a Conservative back bencher had asked her about the possibility of an invasion of the Falklands by Argentina.

"Don't you consider you make a gross error of judgment in failing to take preventive action in time," he demanded. "Whatever form the inquiry may take the ultimate responsibility for what took place then rests upon you."

The Prime Minister replied that many threats had been made from the Argentine over the years and the latest threat in the spring had to be judged against that background. She reminded Mr Foot that the Argentines who took over southern Thule during his period of office had now been removed. This brought cheers from the Conservatives but one Labour MP shouted derisively: "Fiddling again?"

Mr Foot intervened to say that the Prime Minister did not seem to understand her responsibility in the matter. He asked for her comments on the letter she had written in February to Mr Madge Nichols telling her that the number of marines on the islands was sufficient.

Mr Foot, also wanted the Prime Minister's views on the warnings of the possibility of an invasion which had been given by the captain of the survey ship, Endurance.

Sharply Mrs Thatcher replied that judging by what Mr Foot and his colleagues had said about the Falklands conflict, the Labour Government would never have fired a shot in defence of the islands.

She pointed out that the talks which had taken place with the Argentines in New York before the invasion had been cordial. She also reminded him that the Argentines had landed on Thule during the last Labour Government's period of office but that Government had done nothing about it.

Returning to the attack Mr Foot said that the Prime Minister seemed to have a very jaundiced view of history, but no doubt the facts would come out in the inquiry.

Secondhand bonds loophole to be closed

PLANS TO tighten the tax laws covering so-called secondhand bonds, were announced by the Government yesterday.

Mr Nicholas Ridley, Financial Secretary to the Treasury, told the Commons in a written reply that advantage was being taken of existing tax provisions to avoid income tax payments on the profits of certain life policies and life annuity contracts.

He said there had been a serious and, in recent weeks, growing exploitation of the law "by means of the device known as secondhand bonds under which individuals have been purchasing policies and contracts from intermediaries thereby avoiding income tax on any ultimate profits on the investment."

Mr Ridley said the Government would introduce legislation in next year's Finance Bill amending sections 394 (4) and 396 (2) of the Taxes Act with effect from midnight on June 25, 1982.

"An assignment thereafter will no longer remove any subsequent profit arising from the charge to income tax," Mr Ridley said.

Can you tell us why you neglected those signs?" he asked.

Ulster Bill progress

The Northern Ireland Bill which will give the province its own elected assembly and "rolling devolution" completed its Committee Stage in the Commons early yesterday.

It was fought to the last division bell by the rebel group of Tory and Ulster Unionist MPs who have delayed its passage and forced the Government to introduce a guillotine on debate after three all-night sittings.

The rebels forced a vote on most amendments and each guillotine motion limiting the debate to ensure the Bill's passage through Parliament.

Mr Nick Budgen (Con Wolverhampton South West) complained: "We have been brutally and effectively crushed by the use of the guillotine."

MP taken ill

Mr John Home Robertson (Lab Berwick and East Lothian) was taken to hospital at Modklands near Glasgow, yesterday, complaining of abdominal pains. He became ill while staying at the Glasgow home of Mr Norman Hogg (Lab East Dunbartonshire) where he was staying while helping with canvassing for the Coatbridge and Airdrie by-election.

Papal policing

The Pope's stay in London cost about £290,000 in extra policing, Mr Patrick Mayhew, Home Office Minister reported. "The Roman Catholic Church will be charged for the policing of events which took place on private property," he added at Question Time.

SDP's Gower choice

MR GWYNORO JONES, a former Labour MP, is to fight the forthcoming Gower by-election on behalf of the Social Democratic Party, Robert Reeves reports. Mr Jones, 39, joined the SDP last year after failing to win the Labour nomination for the same constituency.

Mr Jones was Labour MP for Carmarthen between 1970 and October 1974

Public sector to retain access to half North Sea oil output

BY PETER RIDDELL, POLITICAL EDITOR

THE ENERGY Secretary, Mr Nigel Lawson, confirmed yesterday that the Government would seek to ensure that the public sector retained access to half the oil produced from each licence in the North Sea.

He made this comment during Commons consideration of Lords amendments to the Oil and Gas (Enterprise) Bill, in particular on a discussion of the relationship between the British National Oil Corporation and Britoil, the new oil development company which is to be floated off from BNOC.

Mr Lawson was pressed by Mr Ted Rowlands, a Labour energy spokesman to give details of the participation agreement between BNOC and Britoil. He said that this agreement was the means by which the nation was assured of a control over the majority of oil supplies and represented the division of spoils.

He argued that there should be no loss of control over any barrel of oil. He asked a series of questions about the different aspects relating to the first to fourth round of licences, the fifth round and the sixth round.

In reply Mr Lawson emphasised the distinction between the existing participation rights of BNOC with third parties and new ones with Britoil. He discussed the scheme which would lead to the splitting off of Britoil at the beginning of August. He said that equity interests would go to Britoil while BNOC would retain interests more akin to participation and the right to call for oil.

In respect of the new participation agreement between BNOC and Britoil he made the point about seeking public sector access to half the production. He said that BNOC would not have more than 51 per cent of such rights on the first four rounds. On the fifth and sixth rounds BNOC might have more than 51 per cent depending on the detailed arrangements.

On the fifth round he noted that the existing arrangements implied that BNOC would have the right to only 25 per cent of the oil but that the scheme would provide for it to have access to up to 51 per cent. No final details had been worked out but he referred to the possibility of BNOC having right to exercise certain options to increase its share to that level.

Tory doubts on taxing banks

BY IVOR OWEN

DIFFICULTIES encountered by the Government in framing acceptable new methods of increasing the amount of tax paid by the banks were acknowledged by Mr Jock Bruce-Gardyne, Economic Secretary to the Treasury, last night.

He stressed that leasing—a device increasingly used by the banks to reduce their tax liability—directly benefited many sectors of industry and commerce and reduced the cost of borrowing money for investment.

Mr Bruce-Gardyne told the Commons standing committee considering the Finance Bill: "It is something we have got to take very carefully into account in all our considerations of these matters."

He refused to estimate when current consultations intended to achieve a bigger contribution to the exchequer from the banks—an intention announced by the Chancellor in his Budget speech—were likely to be concluded.

The Economic Secretary recalled that the Chancellor spoke of giving "much further thought" to the matter in the coming year and added that the year in question was still young and that there was still "plenty of room for further thought."

Sir William Clark (Con, Croydon South), chairman of the Tory back bench finance committee, underlined the lack of enthusiasm among a number of senior Tory back benchers for any further tax on the banks.

He declared himself "diametrically opposed" to such a tax, and argued that its effect would be to penalise success.

Sir William suggested that Mr Bruce-Gardyne had he still been on the back benches and not taken ministerial office, would have been "firmly with me in resisting any such suggestion."

Mr Tim Eggar (Con, Enfield North) who at an earlier stage told the committee that he was employed part-time by a bank which was occasionally involved in leasing operations, contended that the Goverment would be fully justified in imposing additional taxation on the banks. He claimed that the action of the clearing banks over the last year in conducting leasing operations had offended the spirit if not the letter of the law.

Mr Jack Straw, a Labour spokesman on Treasury affairs, said the big four British clearing banks were among the most profitable banks in the world.

Labour would support the imposition of further taxation. But it was ironic and unfortunate that the Co-op Bank and other small banks had been hardest hit by the special tax on windfall profits, introduced last year.

Mr Straw's attempts to introduce a new clause designed to reduce the burdens which the tax had imposed on the smaller banks was rejected by five votes (13-8).

Conscience plea for nurses

A former Health Minister has suggested that nurses should be allowed to make a conscientious objection to helping with the treatment of patients by electric shock. Mr David Ennals (Lab, Norwich North) suggested they should have the same right to object to participating in electro-convulsive therapy as with abortion. He urged the addition of a new clause to the Mental Health Bill.

Mr Geoffrey Finsberg, Health Under-Secretary, told MPs on the Commons Standing Committee on the Bill that the Government supported the Royal College of Nurses, which totally opposed such a conscience clause because it would mean nurses were not properly trained. "Abortion is completely different," he said. "Death is not involved in ECT."

Mr Ennals' move was defeated by eight votes to six.

Bigger role for accountants

THE ROLE of accountants in the Civil Service is to be boosted, the Government announced yesterday.

From July 1 a new accountancy specialism within the administration group is to be introduced and accountants in the present professional accountants class will join colleagues already in the administration group to form part of an expanded service. That will also include staff with a high degree of accountancy expertise and experience.

The changes were announced by Mr Barney Hayhoe, Civil Service Minister. He told MPs that the improvements would "remove the artificial barriers which have largely confined the professional accountant to the provision of technical advice."

Next week in parliament

COMMONS

Monday: Debate on immigration regulations; Town and Country Planning (Vauxhall Cross Special Development Order).

Tuesday: Northern Ireland Bill, remaining stages.

Wednesday: Local Government Finance Bill, Lords Amendments; Northern Ireland (Emergency Provisions Act 1978, Continuance Order): Northern Ireland Act 1974 (Interim Period Extension Order).

Thursday: Defence Estimates debate.

Friday: Local Government (Miscellaneous Provisions) Bill, Lords Amendments.

LORDS

Monday: Criminal Justice Bill, Committee Stage.

Tuesday: Food and Drugs Amendment Bill, Third Reading; Merchant Shipping Liner Conferences Bill, Second Reading; Civil Jurisdiction and Judgments Bill, Commons Amendments; Relief from Forfeiture Bill, Committee stage.

Wednesday: Taking of Hostages Bill, Commons Amendments; Stock Transfer Bill, Committee stage; Supply of Goods and Services Bill, Third Reading; Debates on agricultural trade policy and revision of the Regional Development Fund; Short debate on Social Science Research Council reports.

Thursday: Aviation Security Bill, Industrial Development Bill, Insurance Companies Bill. Third Readings; Criminal Justice Bill, Committee stage; Cinematograph Amendment Bill, Report stage.

Friday: Criminal Justice Bill, Committee stage (if not complete).

Militant brush-off for a reporter

THE LIVERPOOL headquarters of Militant Tendency is a shabby off-white house in Lower Breck Road, Tuebrook. Outside, at 9.25 am yesterday, Militant's four prospective Labour Party parliamentary candidates for Liverpool constituencies were posing for the cameras in the grey morning light.

One of them, Mr Tony Mulhearn, president of Liverpool's Labour Party and prospective candidate for Toxteth, winked in recognition as I mounted the steps to the front door at attend Militant's Press conference. A young red-headed supporter barred my way. Had I got my National Union of Journalists' membership card he asked politely.

Producing the written invitation to the Press conference which had been posted to my home and which had come in an envelope bearing on the flap the words National Union of Public Employees, I replied that this was my authority to attend.

The young man shook his head. The invitation was irrelevant if I could not produce a current NUJ card. I told him I was a member of the Fleet Street branch of the Institute of Journalists. "You can't come in," he said.

Mr Terry Harrision, prospective Labour candidate for Liverpool Edge Hill was summoned from the photographic session. The doorman told him: "This chap's representing the FT but he's in the IOJ." Mr Harrison's face hardened. "We have an attitude," he declared. "We only recognise the NUJ."

Ian Hamilton Fazey, a freelance journalist, describes an encounter in Liverpool with the Labour Party's controversial Militant Tendency.

I protested: This was not Labour Party policy, as far as I knew. Mr Harrision ducked the question. He was in the NUJ as a writer on Militant and would have no truck with me because the IOJ was not affiliated to the TUC. I pointed out that Mr Mulhearn's union, the National Graphical Association, was not in the TUC for some years during the 1970s, but its members had never been prevented from working because of it.

He brushed this aside. The IOJ was a "scab" union and I could not attend the Press conference. The other parliamentary candidates were now queuing on the steps. Mr Harrision led them inside, brooking no further argument.

The Press conference—held in Militant's greatest stronghold—was called to launch a campaign against the decision this week by Labour's national executive committee to accept the report by senior party officials on the Militant Tendency. The report recommended the party draw up a list of approved groups, concluded that Militant could not satisfy criteria for approval and gave the organisation three months to put its house in order.

Independence sought for Lebanon

BY OUR PARLIAMENTARY CORRESPONDENT

THE NEED for a fully independent Lebanon under the control of a strong government of its own was emphasised by Mrs Thatcher yesterday when she reported to the Commons on her American trip.

The history of Lebanon showed how difficult that was to obtain but, she said, Britain and other countries had to continue to try and achieve it.

Mr Michael Foot, the Labour leader, described the situation in Lebanon as "extremely critical" and wanted to know what steps the Prime Minister had agreed with President Reagan to re-establish the rights of the Lebanese state.

Mrs Thatcher said the U.S. was the only country that could bring substantial influence to bear on Israel.

"I tried to get across to them that if there is to be a proper solution to this problem there must also be at the same time a solution to the future of the Palestinian people," she said.

Her report on her speech to the disarmament session of the UN met with considerable scepticism from the Opposition benches. Dr David Owen, the Social Democratic parliamentary leader and former Foreign Secretary, said that judging by the tone of her speech, she wanted to beat ploughshares into armaments. This brought angry protests from Conservative back-benchers but Dr Owen urged them to read the speech.

He asked what positive steps the Government could claim to have taken on the comprehensive Test Ban Treaty and the mutually-balanced force reduction talks in Vienna.

Mrs Thatcher reminded him that the Vienna talks had been going on for nine years but agreed it was very sad they had not achieved very much.

In her statement, the Prime Minister welcomed President Reagan's proposals for substantial cuts in strategic nuclear weapons and for eliminating a whole class of intermediate range weapons. She had also called for a balanced reduction in conventional weapons.

"Throughout, I emphasised the need for stringent verification of arms control agreements," she went on. "We have a right and a duty to defend our own people whenever and wherever their liberty is challenged."

She said she had raised the question of American interest rates with the President and others as the matter was causing concern here and in the U.S. She had pointed out to him that a steady expansion of world trade was needed.

Mr Frank Hooley (Lab., Heeley) protested that while American farmers were supplying grain to the Soviet Union, the U.S. Administration was trying to put British employees out of work by trying to prevent the John Brown engineering company from supplying equipment for the Siberian gas pipeline. He asked if she had raised this with the President.

Mrs Thatcher assured him that she had spoken "very strongly" about the John Brown case and had pointed out the contrast with wheat exports from the U.S. to Russia.

She had also stressed that if there were sudden prohibitions on the export of British equipment, people would not place orders with U.S. companies in future.

Elinor Goodman examines Opposition proposals that will form the basis of its manifesto at the next general election

Labour Party will offer voters total reversal of present economic policies

LABOUR yesterday published its plan for economic revival as the second part of the 130,000-word compendium of policies adn aspirations from which the next General Election manifesto will be drawn. Many of the specific proposals contained in it may not make it into the final manifesto, but the broad thrust of the economic and industrial strategy is likely to be the same.

This means that Labour will be fighting the next election on the basis of a total reversal of the present Government's economic policies, including the abandonment of monetary targets; the reintroduction of exchange controls; and price controls; withdrawal from the EEC; the introduction of import controls; a major increase in public spending and Government intervention in industry and the renationalisation of assets sold off by the present Government.

Underpinning it all, as at present envisaged, will be what is called a "national economic assessment," but no formal incomes policy. The document published yesterday restates Labour's opposition to "any policies of wage restraint."

Instead — in the passage which those Shadow Ministers in favour of some form of incomes policies will try to build upon between now and the election — it talks vaguely about the need for the national economic assessment to consider such factors as the "share of national income going to earnings from employment."

The document begins by restating Labour's commitment to a "socialist community based on equality." Its priority, it says, must be to bring about a "fundamental and irreversible shift in the balance of power and wealth in favour of working people and their families."

Labour, it states, stands for "the social control of the economy," full employment, and the "effective use of the nation's resources."

Dealing with the question of common ownership, which has long been fundamental to the Labour Party, it says: "We believe it is wrong that private individuals should, through ownership of the means of production, reap the benefits of collective effort of others and exercise unaccountable power over the lives of ordinary people." An extension of common ownership is, it states, essential in order to underpin Labour's plan for growth.

The document sets out Labour's plan for jobs, aimed at reducing unemployment to below 1m within five years of taking office. This, it says, will be achieved by

- Action to stimulate demand geared mainly towards increased public spending rather than reduced taxation.
- An increase in public sector investment.

The document says Labour will have nothing to do with monetarism, though it acknowledges that tax and spending policies have monetary implications.

It also says that a Labour Government must be concerned about the rate of growth of credit and its allocation between different activities. For this reason, it says, Labour will take powers to review and control bank lending to ensure that credit is available for industrial development and does not flow into speculative activities.

Labour's interest rate policy would be geared towards "stimulating productive investment while bearing in mind the impact that interest rates in conjunction with anticipated inflation rate, can have on the exchange rate."

One approach, it says, could be a differential interest rate structure.

Turning to trade policies, it says that Labour will "set import penetration ceilings on an industry-by-industry basis across a broad range of sectors." The aim would be to prevent the growth of imports overall outstripping the growth in exports and to cut import penetration in certain sectors.

> 'Priority must be to bring about a fundamental and irreversable shift in the balance of power and wealth in favour of working people and their families'

The object of trade policy, it said, "is not cut the overall level of imports but to ensure a controlled growth of trade."

One way of improving the competitiveness of British industry would, it says, be to adjust the value of the pound. Tory monetary policies have meant, it claims, that the pound has been seriously overvalued. "If this over-valuation continues, a Labour Government will act to eliminate it." Nevertheless, it stresses, Labour would have to be careful to prevent the pound falling too far.

Central to Labour's concept of national economic planning would be the control of international capital movements. For this reason, the document says, Labour would reintroduce "as a matter of urgency" exchange controls on the outflow of UK capital.

It also says that Labour would seek:

- Changes in the role and structure of the International Monetary Fund.
- Development of new multinational institutions to provide for the recycling of oil funds.
- Ensuring that the IMF has far more resources than at present.

The document acknowledges that the policies the main political parties have offered for dealing with inflation have played a central role at the past four General Elections. Labour, it says, totally rejects the use of higher unemployment as a weapon against inflation, and believes that the control of inflation "must be placed firmly in the context of an economic strategy to restore and maintain full employment."

Labour's plan involves "coordinated action" on several fronts:

- Expansion of the economy to bring unused capacity into production.
- Direct measures of price restraint, including a comprehensive system of prices control.
- The restraint of public sector charges.
- Withdrawal from the European Community.

The document acknowledges that price controls alone are not enough to maintain price stability. "To sustain full employment with low inflation we must also look at movements in costs and their implications for the broader distribution of incomes."

The document then gets to the idea of a national economic assessment which has been agreed between the TUC and the Labour Party. This assessment would, it says, cover the "prospects for the growth of the economy, involving such key issues as the use of resources between personal consumption, public and private investment, public services and the balance of trade.

Such an assessment, to be comprehensive, has to embrace such issues as the share of national income going to profits, to earnings from employment, to rents, to social benefits and to other incomes."

It would also take a view on the "movement costs and prices which will support and sustain expansion and will be compatible with our economic and social objectives."

The document then goes on to restate Labour's opposition to wage restraint. "Such policies cannot be maintained for any length of time without putting intolerable strains upon industrial relations and threatening to perpetuate all the anomalies and injustices in the present framework of pay differentials."

It notes, however, that a Labour Government would itself be a major employer, and that it is "imperative" that workers in the public services are treated fairly. The principles of fairness and comparability cannot be ignored by trade unions, employers or by government, it says.

The aim of Labour's economic policies would, it says, be to make sure that jobs are available for those who want to work. It sets out a number of ways for achieving this, including a reduction in working time. Labour will, it says, encourage more time off for study, longer holidays, earlier voluntary retirement on adequate pension, and a 35-hour week without loss of living standards.

The document also sets out what it describes as a "coherent strategy for industry" aimed at "rebuilding the shattered industrial base and reversing the spiral decline" of British industry. Key elements in Labour's socialist industrial strategy would, it says, include: economic planning, industrial democracy, an extension of common ownership and the regulation of the financial system.

Statutory powers would have to be introduced to support the new planning system in its dealings with companies.

Other features of this new planning system would include a new Department of Economic and Industrial Planning, a strong Cabinet committee for economic planning and an independent National Planning Council.

The new planning department would, it says, be able to use price controls, long-term credits, and discretionary financial support to "ensure companies participate constructively."

One of the subjects which has provoked the most controversy during the discussion of Labour's programme has been the section dealing with the re-acquisition of assets sold off by the present Government. The final version of the programme says that while under normal circumstances, Labour would establish terms of compensation which reflected the true value of the asset to be taken into public ownership, this would not be the case when re-nationalising assets disposed of by the present Government.

In this case, it says, "the values of the assets reflect past public sector investments and we have made clear to prospective buyers of these assets our intention to restore them to public ownership without full compensation. Accordingly, we believe that in the case of denationalised assets, shareholders should be repaid precisely the amounts which were paid for the assets at the time they were denationalised. Only in this way can we ensure that no speculative gains are made at the expense of the nation."

> 'Wage restraint cannot be maintained for any length of ... without putting intolerable strains on industrial relations threatening to perpetuate ... anomalies and injustice'

- Creation of a national bank operating through post offices by merging the National Girobank and the National Savings Bank.
- A change in the role of the Bank of England to "ensure that it acts as the agent of government in the financial system and not the voice of the City in government."

The programme also sets out a plan for a "major redistribution of income and wealth." This would involve a new attack on company perks, the end of tax privileges for public schools, and a new annual tax on personal wealth, which would apply to the most wealthy 1 per cent of the population. The exemption limit would be set at around £150,000 at current prices.

Labour would also reverse most of the present Government's concessions on Capital Transfer Tax.

The programme also restates a number of long-held Labour social policies including opposition to private sector health care. Instead of a complete ban on the private sector, however, it proposes ways of reducing its size. A Labour Government would, it says, take in to the National Health Service those "parts of the profit-making private sector which can be used to meet local health needs and reduce waiting-lists."

Tax concessions on private health insurance schemes would also be abolished.

A similar approach to curbing private education is also proposed.

Measures, the document says, would be introduced to end the various forms of indirect Government assistance to public schools, and there would also be introduced in Labour's second year measures to ensure that in the longer term the Government prevented private schools from charging fees for new admissions.

The entire 130,000-word document will be put to this year's Labour Party Conference in sections. Those sections which get the necessary two-thirds majority will then be guaranteed consideration for inclusion in the next Labour Party manifesto. They will not, however, be guaranteed a place. The final battle for what actually goes into the manifesto has still to be fought.

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Steel union conference votes to end executive's role on policies

BY BRIAN GROOM, LABOUR STAFF

DELEGATES yesterday voted for a move which, if carried through, will be a major defeat for Mr Bill Sirs, the Iron and Steel Trade Confederation's right-wing general secretary.

The ISTC annual conference at Douglas, Isle of Man, voted by 91 to 79 for future conferences to become the policy-making body. Those backing the motion claimed this would extend democracy in one of Britain's most centralised unions.

But Mr Sirs warned the change would make the ISTC vulnerable to "the back room meeting boys of the extreme left who will try to destroy this union."

The 21 elected members of the executive council at present comprise the ISTC's supreme decision making authority. The conference is purely advisory, and the executive must decide in August whether to accept yesterday's decision.

Mr Sirs will urge rejection, and appears confident that he will succeed. But, some executive members said last night they could not ignore the decision, and would face a row at future conferences if they did so.

The rule change would require a ballot of the ISTC's 102,000 members. If the executive decided on a ballot, it may urge members to reject the change.

If approved, it will bring a substantial shift in power away from executive councillors, who are elected in individual postal ballots, towards conference delegates, who are chosen at branch meetings.

Bill Sirs: warns of threat from extreme left

Mr Sirs appealed to the delegates to reject the motion, and have confidence in the executive. "You put them there, don't you put any trust in them —or is there somebody trying to take over this union from the outside?" There were shouts of "rubbish" from the hall.

Mr Sirs at first said he was opposing the motion, on behalf of the executive, but executive members stood up to claim they had decided to await the debate. Mr Sirs accepted this, but said the executive had agreed he should put his arguments to conference.

The executive could meet quickly to respond to developments, he said. Calling special conferences would be expensive. The motion was "impractical, it cannot work as it stands, it is not needed and this organisation would suffer if you give this conference the right of making policy.

Disunity would emerge, as the conference split into two camps, he said. He rejected suggestions that the executive had failed to carry out conference decisions, to fight steel closures. It had tried but was defeated either by other steel unions or by an unwillingness to fight by ISTC members.

Proposing the motion, Mr John Ratcliffe, from Aldwarke Works, denied it was a left-wing inspired move. Conference delegates represented the membership as much as executive councillors.

He rejected suggestions that conference euphoria would lead to decisions unacceptable to members, or that the executive would become redundant. Other organisations combined policy-making conference with an executive, he said.

The conference yesterday rejected motions calling for the election of national officials, publication of the voting of individual executive councillors and ballots before national industrial action.

John Lloyd analyses a 'new era' of open bargaining by miners

Scargill's tactics baffle the Coal Board

A CLAIM made yesterday by Mr Arthur Scargill, president of the National Union of Mineworkers (NUM), that a new era of open negotiations had begun was dramatically underscored by the context in which he said it.

Several hundred miners, from Kent, Yorkshire and elsewhere, were ranked outside the National Coal Board's offices near Victoria Station from 9 am, holding placards and chanting. Around 10 am a number of them invaded the gloomy building, bearing their placards along the corridors and milling about the entrance hall.

Along one of these corridors, in a meeting room, the mineworkers were getting the brushoff from board officials. No, they were told, they could not have a list of colliery closures because no such list was available.

There had been no undertaking to produce one. Besides, the meeting proper between board and NUM executive would not start until the demonstrators left the building.

Mr Scargill went out to the hall and told the miners to leave —they did so, immediately. His authority over his members, certainly over those who attend demonstrations, is complete. He assured them of a quick meeting.

This assurance, coupled with his reading a typed statement to them on the breakdown of the meeting, has led to charges on the board's part that the extraordinary events of yesterday morning were predetermined— that Mr Scargill never intended to talk. Mr Norman Siddall, the board's new chairman, said afterwards that "it does appear to be a stage-managed confrontation."

However, that is not certain. In the first place, Mr Scargill could have had a statement typed out for him in a few minutes, and secondly, he knew that the board would not discuss a closure list because he had been told that during a face-to-face meeting on Monday with Mr James Cowan, the deputy chairman with responsibility for industrial relations.

Is there a "hit list?" And did the board say it would produce it yesterday? It says no on both counts. Mr Siddall repeatedly said that there was no list. Since last February, when the 23-strong list was dropped, the board has abided by its decision to treat closures as a local matter.

Since that time, between 10 and 12 pits have been closed, while the closure of a further eight has been agreed, and others are under discussion. There is no intention, said Mr Siddall, of returning to national level lists.

Arthur Scargill: displaying authority over mine union

However, he admitted that between 50 and 60 pits were under serious review. This was not a list, he said, since they might not all close. Pits could move in and out of profit—a profitable pit could come up for closure because of exhaustion. The board had offered the NUM a number of local "lists" of pits under review. But this was refused.

The May 19 meeting between board and executive was chaired by Sir Derek Ezra, now retired. Other members of the executive besides Mr Scargill insisted yesterday that a commitment to produce a list was given at that meeting. Mr Scargill referred to the commitment in an exchange of letters with Mr Cowan. Mr Cowan wrote back to take him to task on the reference.

Thus the face-to-face meeting, when it came at 10.15 yesterday, began with a deep fissure running through it. Mr Scargill asked for the list once more. Mr Siddall again disclaimed its existence. The dialogue lasted, by Mr Scargill's reckoning, 31 minutes—a point Mr Siddall does not dispute. They walked out, the NUM president to comment that he didn't even get a cup of coffee—a point Mr Siddall *does* dispute.

Unions rarely walk out of negotations. When they do, it is generally because they believe negotiations have been wholly exhausted. Mr Scargill's style—to raise the stakes dramatically from the outset—faces the board with the immense problem of how to conduct industrial relations.

The NUM may have entered into a new era, but the board has not. Mr Siddall asked ruefully how he could be expected to negotiate with his opposite number if he did not stay to talk. Mr Scargill's response would be that talk on the terms available was futile.

Yet talk there must be, for the problems now faced by the industry are growing alarmingly. The briefing paper for the meeting sent to the union by the board lays out the stark facts: that energy consumption envisaged in the 1974 Plan for Coal was, at 316 tonnes of coal equivalent in 1981/82, 92mtce below the plan target.

Exports, to a coal market which is flooded with cheap Polish, South African and U.S. coal, are limited and heavily subsidised. Efforts, as the paper says, must be made to achieve a balance between supply and demand.

On the board's side—a falling market, continuing recession, a suspicious government and rising costs. On the NUM side —concern over further manpower cuts, a powerful left-wing and confidence in industrial strength.

Mr Scargill has warned frequently of industrial action since becoming president: soon, he appears bound to have to deliver.

Engineering workers to seek mergers compromise

BY JOHN LLOYD, LABOUR EDITOR

THE FOUR autonomous sections of the Amalgamated Union of Engineering Workers are to meet this weekend in make a farther attempt to reach a compromise on the bitter disputes which prevented a full merger between them, and now threatens the smaller groups with an imminent cash crisis.

The sections — engineering, foundry, construction and the white collar section AUEW Tass —will meet on the eve of the annual conference of the Confederation of Shipbuilding and Engineering Unions in Llandudno, North Wales, next week.

The meeting follows the postponement from yesterday to October a hearing of an appeal by the engineering section of a judgment last year which effectively stops full merger because of the objections of Tass. Tass sees the terms of the merger as being politically loaded against it.

The block on merger between the sections has also prevented a series of larger mergers, with unions such as the Electrical and Plumbing Trade Union and the Boilermakers Society, both of which have been actively pursued by the AUEW.

Unions like the Sheetmetalworkers and the Patternmakers, which had also wished to merge with the AUEW, have now turned away.

The Sheetmetalworkers are likely to conclude an agreement either with Tass alone, or with the Transport and General Workers Union.

Escort output to resume at Ford Halewood

NORMAL WORKING is expected to resume today at Ford's Halewood plant on North Merseyside following a two-day stoppage which has stopped production of 1,500 Escorts at a cost of about £7m.

The stoppage covered the two-day suspension period of a man in the paint shop who management claimed was working below standard. His suspension caused a walk-out by 60 colleagues in the paint shop.

On Wednesday 2,000 men in the assembly plant were laid off... And ...yesterday an additional 1,000 men in the body plant and the 3,000 men on the body and assembly plant night shift, were also laid off.

Directors want 'fair wages' rule revoked

BY OUR LABOUR STAFF

THE INSTITUTE of Directors yesterday urged the Government to set aside the 1946 Fair Wages Resolution and also denounce the fair wages obligations of the International Labour Organisation's Convention 94.

At the end of this month the Department of Employment completes a one-month consultation with interested parties on the future of fair wages legislation.

In a submission to the department, Mr Walter Goldsmith, the Institute's director general, said: "The Fair Wages Resolution promotes the inflationary concept of comparability and can ride roughshod over employers' attempts to relate pay to productivity."

The resolution, passed by Parliament in 1946, ensures that government contractors do not pay rates of wages less favourable than those established in their given industry. Complaints are referred to the Central Arbitration Committee.

Mr Goldsmith concedes that only 21 cases were registered with the committee in 1981, but warns that any upturn in trade could lead to a resurgence of complaints.

The Fair Wages Resolution would have to be rescinded by a motion in Parliament. But to escape all fair wages obligations the Government would also have to revoke ILO convention 94.

He warns that if action is not taken this year on Convention 94 another opportunity will not arise until 1992.

Mr Goldsmith also urged that the Government should now warn its employees that those who break the terms of their employment by engaging in sympathetic strike or picketing in support of public sector pay disputes will be sacked.

Employment 'jeopardised by strikes'

A LONG summer of industrial unrest would jeopardise any chance of economic recovery in the North, a business leader warned yesterday.

Mr James Cran, Northern director of the Confederation of British Industry, appealed to all unions not to become embroiled in current public sector disputes.

"Now we have the health service unions—next week the rail strike. What will come next?" he asked.

Speaking as thousands of Northern health workers moved into their second day of strike, Mr Cran said the private sector had already borne the overwhelming brunt

Overall, Mr Cran said the number of days lost in industrial action had dropped dramatically because the majority of British workers realised that a day lost could mean a job lost.

APPOINTMENTS

Two City Sheriffs elected

Alderman Alain Traill and Alderman Allan Davis have both been elected Sheriffs of the CITY OF LONDON, the first time since 1893 that two Aldermen have been elected simultaneously to the office. Main reason is to increase the number of those qualified to be a future Lord Mayor. Alderman Traill is chairman of TRAILL ATTENBOROUGH, insurance brokers at Lloyds and an underwriting member. Alderman Davis is a chartered accountant and a senior partner of the London office of Armitage and Norton.

★

TRIDENT TELEVISION has appointed from September 1 Mr David Hudd, currently a partner in Price Waterhouse, as assistant managing director with special responsibility for group finance.

★

NEW CENTURY VENTURES (HOLDINGS) has appointed Mrs E. J. Lambeth as managing director of New Century Ventures (International) and Mr C. J. Sampson as managing director of New Century Ventures (Reinsurance).

★

Mr Frank Kenneth Delves has been appointed a director of GARNAR BOOTH.

★

Mr David Drew, chief manager of NORWICH WINTERTHUR REINSURANCE CORP., retires on June 30. Mr Noel Eyers, general manager of NWRe, has been appointed a director of that company and of Stronghold Insurance Co. NORWICH WINTERTHUR HOLDINGS has made the following appointments from July 1: Mr B. L. Roberts to be chief overseas manager; Mr J. H. Hibberd chief accountant; Mr C. J. Hopper group finance manager; Mr R. E. Townsend group secretary and Mr T. G. Clarke group actuary.

★

Mr Walther Leisler Kiep has been appointed a director of ICI from July 1 and will act as a non-executive director. He has, since 1965, been prominent in public affairs in West Germany and he was, until recently, a member of the West German Federal Parliament. He is currently managing director of a leading West German insurance group, Graemann and Holler, and a director of the Bank of Montreal.

★

KIERNAN AND CO. (UK) has appointed Mr Christopher S. Bainton as a director.

★

Mr Mark F. Keegan has resigned as managing director of CARLTON REAL ESTATES although remaining a director. Mr Simon H. Johnson has been appointed managing director. Sir David Roche has resigned from the board to devote full time to his financial services group.

★

Mr Robin Aldworth has been appointed manager of lighting research and development at the JULES THORN LIGHTING LABORATORIES at Enfield. He succeeds Dr Mike Marsden, who has left the company for an academic post in Hong Kong.

★

Stockbrokers Sheppards and Chase has formed a new company, SHEPPARDS AND CHASE FINANCIAL SERVICES, to provide specialist advice for individuals on investment matters, life assurance, savings schemes and mortgage finance. Mr Leslie Hollis has joined the company as managing director and the other directors are Mr Michael Wilson, Mr John Cobb and Mr Alasdair McGregor, all partners of Sheppards and Chase.

★

Mr Grant Cochrane has been appointed a non-executive director of SAVE AND PROSPER GROUP. He is managing director of The Edinburgh Investment Trust and a director of Melville Street Investments (Edinburgh), and Macallan Glenlivet, and chairman of Star Offshore Services.

★

Mr R. M. Sumrie has relinquished his position as joint managing director, but remains chairman and chief executive of SUMRIE CLOTHES. Mr Leonard Holmes has been appointed as joint managing director, and Mr A. A. Monty Weir continues as joint managing director.

★

HERTZ EUROPE has appointed Mr Anthony J. Duncan as treasurer.

★

Mr R. H. W. Bullock and Mr G. A. Whittaker have joined the board of GROSVENOR PLACE AMALGAMATIONS. Mr Bullock was formerly a deputy secretary in the Department of Industry and Mr Whittaker a director of Guinness Peat.

★

Mr John H. Evans has been appointed to the board of FERROFORT-HOLEC, Birmingham, high and low voltage switchgear manufacturer. He will also include a consultancy on alternative energy schemes for the parent company, Holec, whose operation covers the provision of wind, solar and biomass energy systems. Prior to joining Holec, Mr Evans was assistant chief engineer (technical) with the South Western Electricity Board.

★

Mr John Heads, managing director and chief executive of HORIZON EXPLORATION has for personal reasons decided to retire on June 30. He is to be succeeded by Mr John W. Greener, the present commercial director.

★

Mr Harry Harrison has been co-opted to membership of the Court of the University of Manchester for two years commencing September 1. He is chairman of Simon Engineering.

★

The ASSOCIATION OF INSURANCE AND RISK MANAGERS IN INDUSTRY AND COMMERCE has appointed as chairman Mr Hugh R. Loader, group insurance manager, Tetra Pak; and as deputy chairman and chief executive Mr Terryl E. Sparkes, insurance manager, Metal Box.

★

Mr Nicholas Dawson, currently marketing manager, has been appointed to the board of ELECTROPLAN, a member of the Electrocomponents Group.

★

Following his retirement from Redland Mr Graham White has joined PRICE BROTHERS COMPANY, Dayton, Ohio, a U.S. company specialising in large diameter pressure pipe. Mr White's part-time association with Price Brothers will be based in England.

★

At GRIEVESON, GRANT AND CO., stockbrokers, Mr T. J. Wyatt and Mr A. C. D. Yarrow have joined the partnership.

★

Mr R. S. Clarkson has been elected president of the INSTITUTE OF QUANTITY SURVEYORS for the ensuing year. Other officers elected were: senior vice-president—Mr I. C. Revis; vice-presidents—Mr E. J. Hall and Mr R. Snowling. Mr P. E. T. Spencer, became immediate past president.

★

Mr David Watkins has been appointed a director of JACKSON TAYLOR INTERNATIONAL ASSOCIATES.

★

Mr Ron West has been appointed managing director of VINERS (SHEFFIELD). He has been managing director of Butlers of Sheffield since 1957.

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TELEVISION

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 10.15-11.37 For Schools, Colleges. 12.35 pm Pobol Y Cwm. 1.00 News After Noon. 1.30 Heads and Tails. 1.55 Wimbledon Lawn Tennis Championships: coverage of the fifth day's play. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Mighty Mouse. 4.50 The Adventure Game with Leslie Judd.

5.40 News.

6.00 Regional News Magazines.

6.25 Nationwide.

7.00 It Ain't Half Hot Mum: Comedy series.

7.30 World Cup Grandstand: Spain v Northern Ireland, with News Headlines at half-time. Also highlights from England v Kuwait and West Germany v Austria.

10.10 News.

10.35 Leap in the Dark (London and South East only).

11.05 News Headlines.

11.10-1.25 am The Late Film: "Husbands" starring Ben Gazzara, Peter Falk and John Cassavetes.

Tonight's Choice

All our yesterdays on ITV tonight in which the cavalierly-billed "Best Of British" series of repeats follows Please Sir! with Oh No, It's Selwyn Froggitt. Not much style here; perhaps more period charm with Rawhide at 11.40—it is not even in colour. BBC situation comedy always seems more refined but that does not make the dusted-down repeat of It Ain't Half Hot Mum any funnier.

BBC-2 is really the only channel worth bothering about tonight with the film Mary Queen Of Scots, which sets Glenda Jackson as Queen Elizabeth (fresh from her television success in this 1971 production) against Vanessa Redgrave. Unfortunately historical drama has been sacrificed for big name casting. It's My Pleasure which follows it, sounds interesting: Clare Francis talks about Somerset Maugham, an unlikely combination which bodes well.

There is good solid fare on tonight's radio. There should be a verbal punch-up on Any Questions? which includes Neil Kinnock and Peregrine Worsthorne, and if you are irritated with the party lines being propounded you can switch over to Radio 3 for a Kingsley Amis short story. It is too late to recommend The Romance Of The Rose, episode nine of ten on Radio 3, but a little courtly epic goes a long way. I hope everyone listens to the dulcet-voiced Margaret Howard's Pick Of The Week. If you miss her at 7.20 on Radio 4 catch her tomorrow morning.

ANTONY THORNCROFT

BBC 2

6.40-7.55 am Open University.
10.30 Play School.
10.55-1.05 pm Cricket: Second Test: England v India.
1.35 Cricket and Wimbledon.
7.25 News Summary.
7.30 "Mary, Queen of Scots" starring Vanessa Redgrave and Glenda Jackson.
9.30 It's My Pleasure.
10.10 Wimbledon: Match of the Day.
10.55 Newsnight.
11.35 Cricket: Test highlights.
12.00-1.20 am Open University.

LONDON

9.35 am Schools Programmes. 11.52 The Bubblies. 12.00 Wincey's Pets. 12.10 pm Once Upon A Time. 12.30 Sudden Change. 1.00 News, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Emmerdale Farm. 2.00 Best Sellers: "The Last Convertible." Part 3. 3.45 World Cup '82: England v Kuwait, from the San Mames Stadium, Bilbao. Commentary by Martin Tyler with comments from Jack Charlton.

6.15 News.
6.30 The 6 O'Clock Show presented by Michael Aspel, with Janet Street-Porter and Fred Housego.
7.00 World Cup '82 with Brian Moore and Brian Clough.
7.30 Winner Takes All with Jimy Tarbuck.
8.00 Best of British: Please Sir! starring John Alderton, Deryck Guyler, Noel Howlett and Joan Sanderson.
8.30 Best of British: Oh No, It's Selwyn Froggitt starring Bill Maynard.
9.00 On the Line.
10.00 News.
10.30 Benson starring Robert Guillaume.
11.00 World Cup '82 with Brian Moore and Jimmy Greaves.
†11.40 Rawhide starring Clint Eastwood.
12.40 am Close: Sit Up and Listen with Lord Beloff.

† Indicates programme in black and white.

All IBA Regions as London except at the following times:—

ANGLIA

1.20 pm Anglia News. 3.30 About Anglia. 10.30 Members Only. 11.40 Friday Late Film: "The Spoil," starring Lee Grant, James Olson and Susan ... 1.00 am Indian Journey.

BORDER

1.20 pm Border News. 3.30 Lookaround Friday. 10.30 Your MP. 11.40 Border News Summary.

CENTRAL

1.20 pm Central News. 6.30 Central News. 10.30 Soap. 11.40 Central News. 11.45 Vegas.

CHANNEL

11.55 am Look and See. 1.20 pm Channel Lunchtime News. 6.20 Channel Report followed by What's On Where. 10.28 Channel Late News. 11.40 Vegas. 12.45 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 6.30 North Tonight. 10.30 Points North. 11.40 Streets of San Francisco. 12.35 am North Headlines.

GRANADA

11.52 am Wattoo Wattoo. 1.20 pm Granada Reports. 6.30 Granada Reports. 10.30 Bizarre. 1.40 The Late Film: "10 Rillington Place," starring Richard Attenborough and John Hurt.

HTV

1.20 pm HTV News. 6.30 HTV News. 10.28 HTV News. 10.30 So What's Your Problem? 11.40 The Monte Carlo Show: Patrick Wayne and Tomio O'Shea.

HTV Cymru/Wales—As HTV West except: 9.50-10.05 am Mwy Neu Lai. 12.00-12.10 pm Beth Am Stori? 5.30 Y Dydd. 5.45-7.00 Report Wales. 10.30-11.00 Welcome Back, Kotter.

SCOTTISH

1.20 pm Scottish News. 6.30 Scotland Today. 10.35 Ways and Means. 11.45 Late Call. 11.50 Quirkroom.

TSW

12.27 pm Gus Honeybun's Magic Birthdays. 1.20 TSW News Headlines. 6.30 Today South West. 10.32 TSW Late News. 10.34 House Calls. 11.40 Vegas. 12.35 am Postscript. 12.40 South West Weather and Shipping Forecast.

TVS

11.52 am The Underwater Adventures of Captain Nemo. 1.20 TVS News. 6.30 Coast to Coast. 10.30 Bizarre. 11.40 City of Angels. 12.35 pm Company.

TYNE TEES

9.25 am The Good Word. 9.30 North East News. 1.20 pm North East News and Lookaround. 6.30 Northern Life. 10.30 North East News. 10.32 Bizarre. 11.40 Quincy. 12.35 am Post's Corner.

ULSTER

1.20 pm Lunchtime. 3.45 Ulster News. 6.30 Good Evening Ulster. 10.29 Ulster Weather. 10.30 Witness. 10.35 Badame.

YORKSHIRE

11.55 am The Undersea Adventures of Captain Nemo. 1.20 pm Calendar News. 6.30 Calendar (Emley Moor and Belmont editions). 10.30 Benson. 11.40 Mannix.

RADIO

(S) Stereo broadcast (when broadcast on VHF)

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Steve Wright. 5.30 Newsbeat. 5.45 Roundtable. 7.00 Andy Peebles. 10.00-12.00 The Friday Rock Show (S).

VHF Radios 1 and 2—5.00 am With Radio 2. 2.00 pm Don Durbridge (S). 5.00 Colin Berry (S). 6.45 News, Sport. 8.00 John Dunn (S) (also on Radio 2 medium wave between 7.00-7.45 pm). 8.00 Take Your Partners (S). 8.45 Friday Night is Music Night (S). 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am Steve Jones (S). 7.30 Ray Moore (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 Wimbledon/World Cup Special. 7.00 John Dunn (S). 7.45 World Cup Special: Northern Ireland v Spain from the Luis Casanova Stadium. 10.00 Ray Cecile. 10.30 Alistair Cooke: A personal view of popular music. 11.00 Brian Matthew with Round Midnight (stereo from midnight). 1.00 am Night Owls (S). 2.00 Star Wars (S). 2.27 5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Purcell (S). 10.00 Emanuel Ax piano recital (S). 10.55 Vermeer String Quartet (S). 12.00 BBC Welsh Symphony Orchestra concert, part 1 (S). 1.00 pm News. 1.05 Concert, part 2 (S). 1.35 Hans Pfitzner (S). 2.45 Berlin Philharmonic Orchestra (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly for Pleasure (S). 6.30 Music for Guitar (S). 7.00 The Romance of the Rose—an abridged translation (S). 7.30 Stravinsky concert, part 1 (S). 8.15 Words. 8.20 Stravinsky, part 2 (S). 8.55 Court of Inquiry (short story by Kingsley Amis). 9.15 Orford Quartet, part 1 (S). 10.00 The Russian Maecenas by Brian Gear. 10.10 Orford Quartet, part 2 (S). 10.45 Music for a Summer's Night performed by the BBC Northern Singers. 11.15-11.18 News.

Medium Wave—As VHF except: 10.55 am-6.30 pm Cricket: Second Test—England v India.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.33 Yesterday in Parliament. 8.57 Weather; travel. Continental travel. 9.00 News. 9.05 Desert Island Discs. 9.45 So You Want to go to Siberia? 10.00 News. 10.02 International Assignment. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.03 The Countryside in Midsummer. 11.48 Bird of the Week. 12.00 News. 12.02 pm You and Yours. 12.27 My Music (S). 12.55 Weather; travel; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour from Glasgow. 3.00 News. 3.02 Afternoon Theatre (S). 4.00 News. 4.02 The Piece for Me. 4.10 Another Way. 4.40 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News, including Financial Report. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter from America by Alistair Cooke. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 Glyn Worsnip with recordings from the BBC Sound Archives. 12.00 News.

FT COMMERCIAL LAW REPORTS

Clarity necessary in arbitrators' reasoning

EUROPEAN GRAIN AND SHIPPING LTD v CREMER

Queen's Bench Division (Commercial Court): Mr Justice Bingham: June 22 1982

WHERE AN arbitration award contains a clear and unambiguous finding as to liability, the court may nevertheless remit it to the arbitrators for clarification if the basis of the decision is impossible to find.

Mr Justice Bingham so held when remitting to the Board of Appeal of the Grain and Feed Trade Association Ltd (GAFTA) its award on a claim by a firm, Peter Cremer, the buyer of soyabean meal, against the sellers, European Grain and Shipping Ltd.

* * *

HIS LORDSHIP said that on April 19 1973 the sellers agreed to sell 1,000 metric tons of soyabean meal to the buyer. Shipment was to be made between May and September 1973 in monthly consignments of about 200 metric tons. The contract incorporated GAFTA Form 100.

On June 18 the sellers bought soyabean meal of the same contract description from pre-sellers, for shipment at the rate of 200 metric tons per month from June to September. Thus, from June onwards, the sellers had effected a single sale, and had contracted to buy the goods to meet that sale from a single source.

Before any appropriation or tender had been made in respect of the June shipment, the U.S. Government, on June 27, temporarily prohibited exports of soyabean meal, save that which was already on lighter for export, or for which loading had already begun. Future exports would need a licence.

A licensing system was introduced on July 2, which provided that licences could be granted for 40 per cent of the unfulfilled balance of each contract. The system remained in force till the end of September.

On July 10, the sellers informed the buyer that under the system contracts would be fulfilled with 40 per cent of the quantity only. They reserved their rights with reference to clause 21 of GAFTA 100, which provided that "in case of prohibition of export," any unfulfilled part of the contract should be cancelled. The buyer did not challenge the invocation of clause 21. The sellers also stated that they would pass on to the buyer, in the string, only the tenders which they would receive from their pre-sellers.

On July 20 the sellers informed the buyer that they had appropriated goods tendered by the pre-sellers, shipped on the Kyravathia, in "total fulfilment of the June and July portions (40 per cent)." The buyer did not reply. Only approximately 40 per cent of the correct quantity was shipped for the June instalment. The buyer raised no objection, but took up, and paid for, the relevant documents.

On July 30 the pre-sellers tendered to the sellers two further parcels of goods shipped on board the Kyravathia. They were sufficient for total fulfilment of the sellers' contract with the buyer in respect of June. Without reference to the buyer, the sellers rejected those appropriations. The reason they gave the pre-sellers was that 40 per cent had already been appropriated in accordance with U.S. Government regulations.

Having received no further appropriation in respect of the June instalment, the buyer, on September 28, held the sellers in default and appointed an arbitrator. His complaint was that 60 per cent of the June shipment was still due. The sellers rejected the suggestion that they were in default because, they said, the buyer accepted 40 per cent to complete fulfilment of the contract.

The arbitrators agreed that the sellers were in default and awarded damages against them. The GAFTA Board of Appeal was of the same opinion. The question in the present appeal was whether the sellers were so liable.

His Lordship was not sure that he correctly understood the basis on which the Board had decided the matter. Three possible grounds of decision might be discerned in its award: (1) The buyer did not, by accepting the 40 per cent give up his right to receive the remaining 60 per cent, and the sellers were in default. The Board held that the date for assessing damages was the first day following 10 days after the shipment period, July 11.

But the sellers' defence, relying on clause 21, was that shipment of the June balance was prevented by the embargo. As Lord Justice Kerr put it in *Tradax v Cook [1982] 1 Lloyd's Rep 385,389*, "an essential prerequisite to the seller's ability to rely on [clause 21] was to show that shipment . . . had been prevented by the embargo . . . for that purpose it was essential for sellers in a string to identify the shipper whose shipment had been delayed (the 'relevant shipper')."

*

How then was one to treat the Board's opinion that it was immaterial whether or not the "relevant shipper" could be identified, or its finding that the "relevant shipper" was in fact prevented from fulfilling its contract?

(2) In breach of the July 10 contract to pass on tenders received from the pre-sellers, the sellers failed to pass on the tenders of July 30.

On that basis, the expected date for assessing damages would not be July 11 but July 19, which was the first day following 10 days after the latest date for shipment.

(3) The buyer accepted the 40 per cent in total fulfilment of the sellers' June shipment obligation, only because of the sellers' innocent misrepresentation that the effect of the embargo was that the contract was to be fulfilled with 40 per cent only.

It would still be necessary, however, to consider the sellers' defence under clause 21. That led straight back to the significance and identification of the relevant shipper.

*

It might be that the Board decided the case on none of those grounds, or on a combination of grounds. The court should not go behind the Board's finding (unless it were shown to be a finding not open to it).

It was nevertheless important to be clear what the finding was that the court should not go behind. There was doubt, and it would be wrong to guess.

Mr Havelock-Allan, for the sellers, strongly resisted a remission of the case to the Board. He said the award contained a clear and unambiguous finding which was binding on the court, and however erroneous the Board's process of reasoning and conclusions might have been, in the light of that finding it would be inappropriate to send the matter back.

The parties were entitled to as just an answer as the court could give. On existing materials the case was impossible to resolve. It was right to order remission of the case so that the Board might elucidate the basis of its decision, and in particular, the true meaning and scope of its finding with regard to the relevant shipper.

For the sellers: Mark Havelock-Allan (Middleton, Potts and Co.). For the buyer: Timothy Young (Richards, Butler and Co.).

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

FEW TRAINERS can have been in the enviable position in which John Dunlop finds himself today as he looks forward to the outcome of events at Doncaster and Lingfield. The Arundel trainer has no less than five runners — Man of Spirit, She's Incredible, Aragon, Ariadne and Rutland—chasing either doubles or trebles during the afternoon.

Man of Spirit, She's Incredible and Aragon are due to run within 90 minutes of each other in Doncaster's opening three races, while Ariadne and Rutland bid to add to previous success at Lingfield.

Although She's Incredible, among the runners for the Stockil Guaranteed Sweep Stakes, only managed to scramble home from the bitterly disappointing Quest at Epsom three weeks ago, the Le Fabuleux filly could be the pick of Dunlop's quintet.

She's Incredible would have won comfortably at the Derby meeting but for being trapped on the rails until inside the distance.

Sure to be well-suited by the Doncaster course, She's Incredible, a one-time Guineas prospect according to at least one astute judge, can complete the double by out-classing Go Sandicliffe.

Aragon, who bids to retain an unbeaten record in the Grimthorpe Stakes, is a difficult colt to assess, for he has yet to be given any sort of a race. The four-length conqueror of Bold Bob on his debut at Newbury last month, Aragon had the same margin to spare over his closest pursuer, Eastform, when justifying odds of 2-7 at York a fortnight ago.

However, the Mummy's Pet bay is certainly among Dunlop's better first-season performers and one who may well be able to overturn the highly rated Michael Stoute representative, Princly Fighter.

DONCASTER

2.15—Man of Spirit
2.45—She's Incredible***
3.15—Aragon

LINGFIELD

3.30—Ariadne**
4.0—Copper Beeches
5.00—Rutland

NEWCASTLE

7.35—On Return
8.05—King's Forest*

INTERNATIONAL PROPERTY

On Tuesday the Managing Director of Digital Equipment Co. Limited, Darryl T. Barbé reviewed the company's continuing impressive growth in the 1981 financial year.

Last year Digital's turnover in the UK rose by 27% to £142 million compared to £112 million in the previous year.

Mr. Barbé said the continuing recognition of Digital as a stable yet innovative supplier in Britain depended as much on staff commitment as on building advanced and proven computers.

Today, in the final section of a four part review, we look at the way Digital bridges the gap between generations of computers.

When extending our established computer families to offer greater performance, we chose to follow architectures that assure software compatibility yet take advantage of only the latest well proven technologies.

British Aerospace, for instance, uses a large number of computers from Digital's wide product range in various stages of design, manufacture and testing of advanced aircraft including the Red Arrows Hawk jets pictured here.

British Aerospace has powerful VAX systems for computer-aided design projects, midrange PDP-11s for flight simulation and uses a mainframe DECsystem-10 for aerodynamic design work. Other uses include studying aerodynamic properties and production testing of components during manufacture.

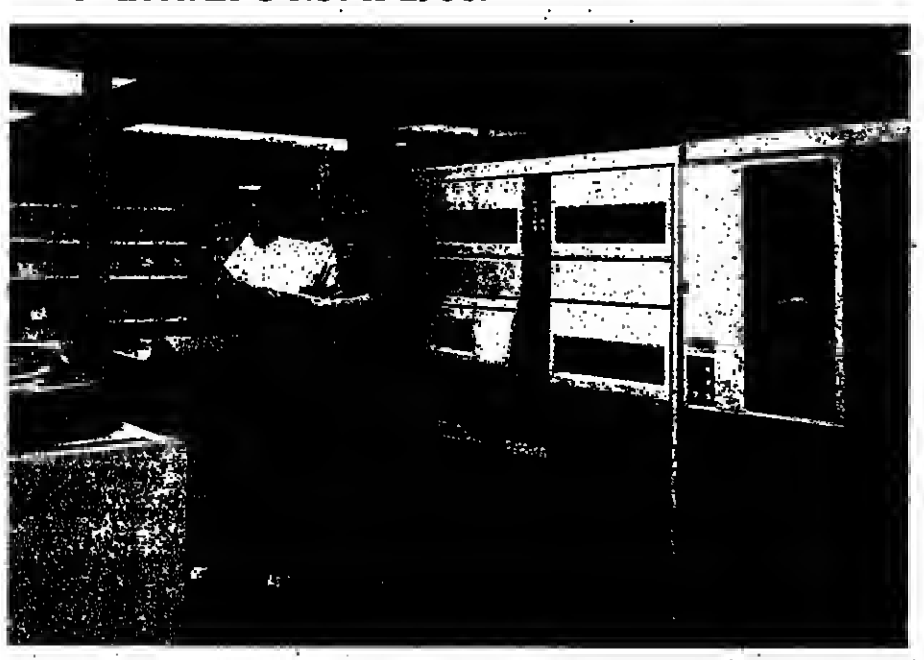
In many cases, older machines are still working, alongside the more advanced systems. In one design project, for example, a PDP-11/20 from 1972 is linked to the latest in the line, a PDP-11/44.

In March 1981 Digital introduced in the UK a new member of the 16-bit family, the PDP-11/24. New packaging developments allowed us to put this entire minicomputer on to one single board. It runs the same operating system and is fully compatible with

Compatibility has been the cornerstone of Digital's product development for the past 20 years

all earlier PDP-11 systems which now have 240,000 users worldwide.

It also offers compatibility with the 32-bit VAX family whose second member, the VAX-11/750 was introduced in October 1980.



The VAX-11/750 features 'gate array' technology for the first time in a general purpose computer system to achieve higher packaging density and lower cost of manufacturing. The in-house production of the gate array chips has become possible through extensive investment in semiconductor plant at Hudson, Massachusetts.

Winchester technology also made its debut this year in our 124-megabyte RM80 high density disk. Winchester technology uses sealed memory storage assembly to avoid dust contamination.

Compatibility with the rest of our minicomputer range is one of the reasons for the LSI-11 micro-computer family's success. The other is that prices are continually forced downwards by the advance of technology.

Our 16-bit microcomputer boards cost less than our competitor's 8-bit products, yet offer greater performance. The latest development in this line is the SB-11, a powerful control computer introduced this year.

Graphics terminals from Digital have been on the market place for a long time. The newly announced GIGI (General Imaging Generator and Interpreter) features latest developments in colour graphics. It displays charts, graphs and other visual aids.

Bridging the generation gap.

Digital has always provided a bridge between different computer families and different computer generations through a policy of software migration and intercomputer communication.

Software migration allows users to take applications developed on one system and run them on other Digital systems.

In many cases this obviates the need for rewriting application programs every time hardware or software is upgraded, thereby protecting the customers' basic software investment.

Many of the currently available application packages were written on early PDP-11 models yet are today valid over the entire product range.

This advantage has enabled us to announce a growing number of joint marketing agreements particularly in the engineering field, such as the Kongsberg CDM 300 system for computer-aided design and manufacturing, and the Genesys library of applications software.

During the financial year 1981, Digital produced several hundred software enhancements, covering all our operating systems, aimed at allowing customers easy migration.

Our long standing commitment to computer-to-computer communications was reinforced with the introduction of Packetnet (links to public-packet switching networks) and the publication of the Ethernet specifications for local area networks.

Communications protocols available from Digital now include DECnet for communication between Digital computers, Internet for communication with computers of other manufacturers, and Packetnet for communication over public packet-switched networks in certain countries.

Our four part review.

On Wednesday we saw how Digital is investing for the future in Britain with manufacturing plant, new headquarters at Reading and an expanding network of regional offices.

Digital is constantly extending its customer support staff and facilities. On Thursday we saw how Digital sets the industry standard in customer service.

Please contact your local Digital sales office if you would like a copy of the Operations Review or a reprint of this four part series.

digital

Our grateful thanks to British Aerospace for their co-operation.

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TECHNOLOGY

EDITED BY ALAN CANE

Beating the home computer 'weak link'

A reduction in the price of floppy disk drives is a major goal for U.S. and Japanese manufacturers. Until that is achieved the disk drive will not become part of the home computer system. LOUISE KEHOE in Silicon Valley explains.

PERSONAL computer prices seem to drop almost daily. The cheapest machines now sell in the U.S. for under U.S.$200. But peripherals—the extras that plug into the computer to turn it into a useful tool—are still expensive.

Only the hobbyist can be satisfied with a cheap cassette tape recorder for holding computer programs and data, but even the most inexpensive floppy disk drives sell for over U.S.$500.

Reducing the price of floppy disk drives is a major goal for manufacturers in the U.S. and Japan. Until prices come down, the disk drive will not become a standard part of the "home computer" system, they believe. Britain's Sinclair research has recognised the problem.

At the recent introduction of its new spectrum personal computer, Sinclair promised a $100 floppy disk drive by the end of this year. The company has a unique design that it intends to manufacture. Sinclair might well become the first, but it will certainly not be the only personal computer manufacturers to offer a very inexpensive computer disk storage system in the next few months.

Sinclair's drive, although of a similar size to the "shirt pocket" floppies to be offered by U.S. and Japanese companies will be a non-standard system, requiring special disks. "We have our own ideas about what is needed," said Mr Clive Sinclair. "Our drive will be sold in very high volumes by Sinclair, Timex and ICL."

Mr Sinclair's views contrast with those of U.S. personal computer and disk drive manufacturers who believe that it is essential for an industry standard to be formulated before a mass market for the tiny disk drives emerges.

In the U.S. and Japan, several disk drive manufacturers are also planning to introduce smaller, more rugged and very low cost disk drives for use with microcomputers. In doing so they aim to repair the "weak link" in low cost personal computers, and to expand the personal computer market by making fully equipped computers truly portable.

The new generation of floppy disk drives will be even smaller than the popular 5.25 inch drives used in most personal computer systems. Micro-floppies will measure 3-4 inches across. They will also be significantly cheaper. While the least expensive disk drives still sell for about $500, the new generation will carry retail prices of between $100 and $300.

In spite of having a reduced recording media area, the new micro-floppies will be able to hold as much as, or even more, data than larger size disks. This is achieved by increasing the density of recording tracks on the disks and also by recording more bits of data per inch of track. A trade-off between price and data capacity must be made. A higher recording density requires more precisely machined read/write heads, and more sophisticated servo-mechanisms to control head positioning, which add to the cost of the disk drive.

Innovations in the design of the casing of the floppy disks that the drives "play" will make the new generation disks much more rugged. 5.25 inch floppies have a flexible outer casing that protects the storage media from dirt. But even with careful handling, they can easily be damaged. Excessive bending, or even fingerprints on the wrong part of the disk can destroy the data stored on its magnetic surface.

It is inadvisable, for example, to write on the label of a floppy disk—the pressure of a pen can dent the disk surface. Storing disks is tricky since they must be protected from temperature changes. And sending disks through the mail is a real problem.

All this will be overcome by a cartridge-style package that is being widely adopted for the new micro-floppies. A hard plastic shell protects the disk and makes it easy to handle, store or carry around. A window shutter automatically opens and closes when the disk is inserted or pulled out of the drive—exposing or covering the area of contact between the head, or stylus, and the disk itself. The "shirt-pocket" disk, as it is being called, will be as easy to use as a cartridge photographic film, the manufacturers promise.

Severe limits

Just as cartridge films produced a boom in consumer camera sales, so the personal computer manufacturers believe that the rugged micro-floppies will encourage consumer sales of computers. Most "home computers" sold in the U.S. do not have disk drives, but instead use programs held on plug-in cartridge ROMs (read only memories). While these are fine for games, they do not allow the user to record his own data which severely limits the usefullness of the computer.

Reducing the size of the disc drive will also make them portable. A pair of the new drives—the usual configuration for low cost desk top computers—can be fitted underneath the keyboard of a portable computer. Unlike the bubble memory devices used in some of the latest portable machines, the disk drives are lightweight and inexpensive.

Several major Japanese disc drive manufacturers have already put the new micro-floppies into production, but U.S. companies are holding back. The problem is that so far, there is no agreement on a standard size for the new disks. Some manufacturers, notably Sony, favour a 3.5 in disk diameter, others, including Hitachi and Matsushita, have 3 in diameter designs. U.S. companies are making prototypes in both sizes, but trying to organise an industry standard before they bring products to market.

Squabbles over size standards are nothing new in the disk drive business, but this time the arguments are particularly urgent. As many as 5m of the compact drives will be shipped per annum by 1985 making it the biggest floppy disk drive market to date.

A standard is urgently needed to allow this potentially booming market to grow to its fullest extent, say the U.S. manufacturers. To organise the effort to set down a standard, Shugart Associates and Tabor Corporation (drive manufacturers) have joined forces with Dysan and Verbatim Corporations (disk makers).

Mr Clive Sinclair: "We have our own ideas about what is needed," but his views contrast with those of U.S. personal computer and disk drive manufacturers.

"We need one standard for the entire marketplace so we can reduce our manufacturing costs and provide multiple manufacturing sources for products that are compatible with each other," says Mr Gerrit Nijssen of Tabor. "The customer wants a low-cost, highly reliable and portable micro-floppy disc that can be used on a wide variety of equally reliable, cost effective and portable drives," comments George Sollman of Shugart. Once a standard has been established, the four companies plan to encourage other parties to endorse it.

Although the Americans would like to have Japanese support for a standard, this has so far not been forthcoming. Hitachi executives shrug off any suggestion of standards discussions saying simply that their existing 3 in design will not be changed. Sony appears equally confident about its 3.5 in drive. Last month the company signed a contract to supply $30m worth of the new drives to Hewlett Packard over a period of years.

With the Japanese fighting amongst themselves over what size the "micro-floppy" should be, it is difficult for the American manufacturers to make a decision. More important than the actual size is that there be a standard. "We don't really care which size they choose," comments the OEM purchasing manager of a major U.S. personal computer manufacturer.

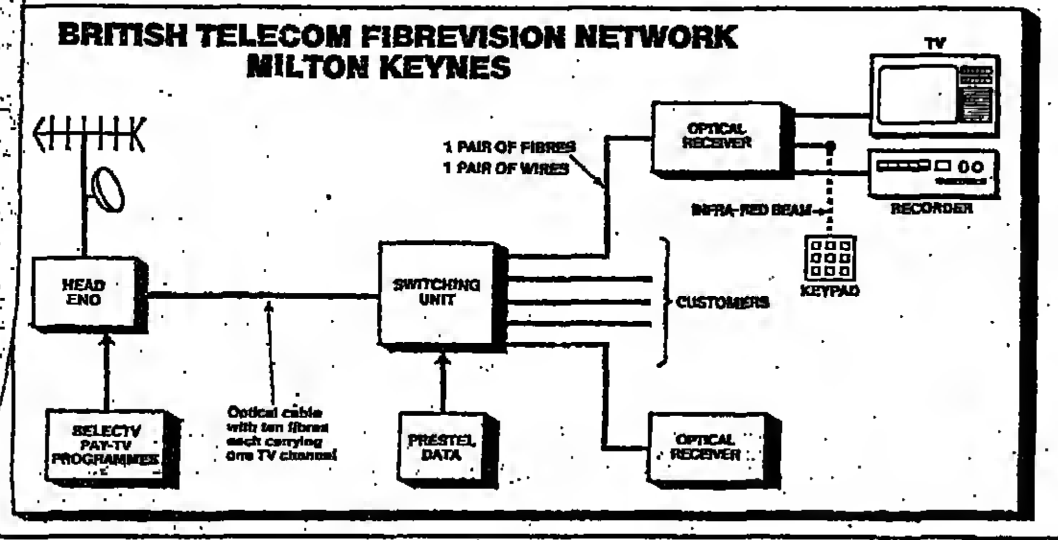
The major personal computer makers are also interested in seeing the new cassette style packaging of disks applied to the standard 5.25 in size, producing a rugged disk that could play off new versions of existing drives.

The size of the new generation floppies does however have great significance for a growing number of companies that are developing new tiny Winchester disk drives. These companies want to make their new hard disk systems fit the same form factor as the micro-floppies.

Milton Keynes offers itself as a test-bed for the 'wired city' of the future

BRITISH TELECOM staked a new claim this week in its campaign to play a leading role in Government plans for the recabling of Britain. With the blessing of Mr Kenneth Baker, the Industry Department's ubiquitous Minister for Information Technology, it inaugurated the UK's first practical trial of a broadband local cable network built entirely of optical fibre.

The two-year trial is taking place in Milton Keynes, the Buckinghamshire new town which is seeking to put itself on the map as a test-bed for information technology. BT says that it expects the experiment to provide a foretaste of the "wired city" of the future.



That is probably optimistic. The trial involves only 18 households, and though the Fibrevision system is technically equipped to carry a wide range of futuristic services like electronic banking, home shopping and security systems, there are no plans to introduce these during the lifetime of the experiment.

Instead, the system will distribute FM radio and six television channels already available on the coaxial cable-TV network which BT operates in Milton Keynes. Five of the channels are normal BBC and ITV broadcasts, and the sixth a pilot Pay-TV programme which was launched last year.

Households taking part in the trial will also have access to Prestel, BT's viewdata information service, without having to pay the usual local telephone charges.

Oddly, though, no provision has been made to distribute Oracle and Ceefax, the broadcast teletext services, which have proved far more popular than Prestel as a source of televised information.

But if the system bears a topographical resemblance to Milton Keynes itself—lots of broad highways carrying precious little traffic—it also provides some interesting pointers towards the direction in which BT believes local cable networks should develop.

BT has designed the system so that ordinary television sets can be attached to it. The only special equipment needed is a signal converter unit installed in each home, and a remote control keypad which is used to transmit commands through an infra-red sensor.

BT has achieved this simplicity by building most of the necessary electronic "intelligence" into the network. Microprocessors located in a central switching point effect channel changes, decode Prestel signals, prevent non-subscribers from tuning in to Pay-TV programmes and collect billing data.

That may be a popular feature with householders, who need not buy a new television to take part in the trial. But it has unwelcome implications for television manufacturers, who have been counting heavily on demand for sets equipped with clever electronic features to provide many of their sales in the years ahead.

Nor will it go down well with with rental companies, which are filling their high street showrooms with sets equipped with special teletext chips.

The Milton Keynes Fibrevision system is designed to be far more versatile than existing cable-TV networks. While most of the latter are built on a tree-and branch-pattern which can carry signals only in one direction, Fibrevision is designed in the shape of a star, clustered around a central switching point.

Incoming signals, including satellite broadcasts, are collected at a "head-end" station which turns them into light pulses and sends them to the local switching point. From there, pairs of optical fibres run to each house, where the light pulses are converted back into UHF signals for display on television.

The fibre pairs are set up to carry two channels simultaneously, though their capacity is theoretically unlimited. Each home is also connected to the local switching point by a pair of copper wires, which transmit commands from the user.

BT says that it cost £1,800 to cable each home—a figure that would clearly be uneconomic for a commercial system. But costs would be likely to fall substantially.

What do the trial users in Milton Keynes think of it all? Mrs Philippa Heseltine, a housewife living in Sheckleton Place, thinks that the most noticeable benefit of Fibrevision is the improvement in picture quality. She rarely uses Prestel—"We don't need the information much at home"—but wishes there were more afternoon films shown on cable-TV.

She is not too keen on the idea of services like electronic banking and shopping, even if they were available. She fears that they would isolate people in their homes by reducing the need for normal social encounters. Even in Milton Keynes, it seems, public acceptance of the "wired society" is still some way off.

GUY DE JONQUIERES

A bold bid to strike a new deal

Arnold Kransdorff reports on Petbow's substitution of a trial profit-sharing scheme for wage bargaining

EVERY YEAR Ted Bird has a face-to-face confrontation with his employees over their annual wage rise. With very few exceptions it is always the same; there is an uncomfortable bargaining session aimed at bridging the gap between the company's offer and the workers' demands—a not unfamiliar picture of what happens throughout British industry.

Last year he had had enough. In the first place these confrontations were always potentially destructive because they did nothing to encourage a harmonious climate for running the business well. In any event they were unpleasant because of the relatively small workforce and the family-controlled nature of the business: the Bird family holds roughly 48 per cent of the issued capital.

Secondly, the outcome invariably predicted an investment problem, particularly when the company was doing well. At times of plenty the pay rise was usually a "healthy" one—but this put a strain on resources just when cash was needed to finance the expansion of the business.

Bird's reaction to all this was the typical frustration experienced by any manager trying to survive in a difficult economic climate. "Ordinarily, one sits across a table and argues about a percentage that neither side can really justify," he says. "The system presumes conflict—a major problem in British industry—and it always deteriorates into a bit of a Dutch auction."

He grew increasingly determined to find an alternative that would also give the company of which he is managing director—Petbow Holdings—increased investment leverage to face the mounting challenge from highly efficient Japanese competitors.

Today, he thinks he has found the answer to his pay bargaining problem through a bold and imaginative scheme that will result in the company's workers giving up their right to negotiate wages across the table in the traditional manner. In exchange, they will participate in an unusual profit-sharing scheme.

The plan, in effect a profit-sharing scheme which incorporates a qualified form of indexation of basic pay, will be implemented to a strict, pre-agreed formula, so no bargaining between employer and employee will be necessary. The formula applies to every employee, including all levels of management.

Though it holds considerable promise for the future, over the next two years the deal is unlikely quite to match inflation.

Surprisingly, this revolutionary plan has been given the cautious approval of the company's 500 employees, although the concept has been greeted with hostility at national union level. "We cannot be dictated to by the outside; we have always tended to go our own way down here," says Tony Dawes, one of the union officials at the company, which is based in Sandwich, Kent, and makes diesel generators and welding equipment.

Fundamental

Nearly 90 per cent of the employees, who are represented by five different trade unions in a closed shop, have given Bird's scheme their approval in principle. But they reserve the right to veto it if, at the end of a full year's implementation, they find it unsatisfactory.

There is, of course no guarantee that the agreement would then remain in force indefinitely.

By any standards, such a concession is remarkable given that free collective bargaining is such a fundamental principle of trade union ideology in the UK.

That employees have accepted the idea in principle says much for Bird's persuasive skills. But their attitude also probably takes account of the recent unsettled state of the company which, in 1978, found itself in a buyer's market with an uncompetitive product. Following a series of pay rises which exceeded inflation by a substantial margin, the company plunged into two years of losses and had to push through 300 redundancies.

Since then a combination of measures, including cost-cutting and the new product line, has brought Petbow back into profits. On Wednesday it reported a £1.1m turnround to a pre-tax surplus of £0.18m for 1981-82, but the memory of those redundancies has not been erased.

The company hopes that the new pay scheme will enable employees to get a bigger slice of profits than before. The deal is also designed to give a measure of protection to employees' living standards, although this depends on the degree of success achieved over a number of years.

Although not widespread in the UK, profit-sharing is not an unusual concept in itself.

Petbow's plan, however, is the first which not only substitutes for free collective wage bargaining but also incorporates a provision for the distribution of cash and shares. It is also extremely unusual in that the extent to which basic pay is indexed is dependent on the level of bonus paid.

Under the scheme, which is far from simple, employees start sharing in profits once the annual nominal pre-tax return on capital in the UK reaches 10 per cent, assuming inflation is anything up to 8.5 per cent. If inflation exceeds 8.5 per cent in any year, the pre-tax return trigger level becomes 1.5 percentage points above the Retail Price Index.

The proportion of profits to be shared with employees is determined by another formula—pre-negotiated with the labour force at the outset of the scheme but kept tightly under wraps—which relates to the level of employee costs, including the amount of any overtime and piecework.

Though this introduces a further element of uncertainty, only about a fifth of the workforce is on piecework. Bird says that even if all piecework and overtime are excluded from the calculation, it would make less than 1 per cent difference to the bonus paid overall.

The amount that is immediately paid out to employees will be around a third of the profits above the trigger level, with a similar parcel retained for future distribution.

The retention of shareable profit is a key element of the scheme. To give the company extra short-term cash resources to finance expansion, only half the bonus is paid in the first year. This is distributed equally in cash and shares, the latter attracting certain tax benefits provided under the Finance Act 1978 if unsold for up to seven years.

In each successive year the employee is again paid half the bonus applicable for that particular year. However, to go some way towards keeping faith with employees over true profit-related earnings, they are also paid half the bonus held over from the previous year. The remaining quarter is paid out over a number of years, a system which has the effect of smoothing out any major fluctuations in bonus payments over time.

If an employee leaves, his or her stored-up share of the bonus is forfeited. But when an individual joins the company, that employee automatically (and immediately) participates in "banked" bonus.

In addition to the bonus payments, the scheme also provides for basic pay to be protected against inflation—always assuming the company is sustaining profits above the trigger level.

If an employee's annual bonus payment comes out to between 5 per cent and 15 per cent of earnings, the individual receives in addition an increase equal to the rise in the cost of living for that particular year.

For every 1 per cent that the bonus exceeds 15 per cent, the inflation adjustment to basic pay is increased by 0.2 per cent. But for each percentage point below a bonus level of 5 per cent, the basic pay increase will fall short of inflation by 0.2 per cent.

If the company incurs losses, or if profits fall short of the bonus trigger level—a situation applicable to the year just reported—the shareable profit becomes a negative figure. Using the formula, this gives a theoretical negative bonus rate which, when applied in practice, erodes the stored-up profit share of previous years.

At best, even assuming a meagre "bank" of undistributed profit-share, an individual's basic pay would rise in line with inflation; assuming an inflation rate of 8.5 per cent, the company would have to incur a multi-million pound loss—about three times that of 1978-80 and 1980-81 combined (in which case it would be bankrupt)—for a pay rise to be whittled away to nothing.

"Employees should not have to take a cut in real wages unless there is a sustained period of poor profits," says Bird. This, of course, assumes that the company has first managed to build a healthy buffer of "banked" profits. It also does not strictly apply to the minority of employees for whom over a third of taxable wages normally come from overtime and piecework.

Bird is confident that his scheme, which technically becomes operational this week, will prove "a more than acceptable" substitute for the old bargaining system. "Yes, the new system is based on certain presumptions, but at least we can all see how the formula is calculated. From the employer's point of view it also makes it easier to budget."

Argument

Attractive or not, the scheme took some selling. Having worked it out with the help of Copeman Paterson, an incentives schemes specialist, Bird's first problem was to convince a sceptical board. Having done that, it was the turn of the unions.

At a meeting with employees earlier this year Bird asked if they had the courage and foresight to agree to change the traditional remuneration system.

He backed up the obvious challenge with the classic profit-sharing argument which, as yet, few British companies entertain: "First, we have to make profits. Once we make money, then we can share it among ourselves."

Examining how a company could meet its short-term investment needs while at the same time pay its employees the reward they deserve for success, he said the solution was to smooth the payment of profit-sharing bonuses. "This means that when we have earned good profits we pay ourselves straightaway only half of the amount that we could have done. We pay ourselves the other half bit by bit over a number of years, thus allowing the company the use in the meantime of extra money to finance the additional business."

Bird believes his scheme, which he has called his Job-Preserving Pay Deal, does just that. "The scheme wouldn't be any good if employees get less out of it than they would hope to do under normal conditions," he says.

He agrees that the deal will work best when profits are rising but says that it provides an incentive for employees to get the company on an upward path.

Under the deal, management will retain the right to make all other manpower decisions including redundancies, but Bird is hopeful that drastic measures will never again be necessary. "If things go really badly, then all proceedings go out of the window anyway," he adds.

Roger Taylor

Ted Bird: "One sits across a table and argues about a percentage that neither side can justify"

How the scheme would work

PETBOW'S new profit-sharing formula provides an intriguing picture of how the company's employees could benefit over the next few years.

Next month, employees are due for a 3.34 per cent basic pay increase to bring the old November pay review date into line with the profit-sharing plan.

On top of this a special lead-in bonus of 1.02 per cent—in effect a carrot—is being paid in shares.

This would bring a skilled worker's basic pay up to £5,225 a year excluding overtime and piecework.

Making certain key assumptions, Petbow employees should start improving their living standards from 1984.

The assumptions include a £1m pre-tax profit in the current year, a figure which Ted Bird, the company's managing director, says is not an unreasonable goal, and a modest £0.5m annual increase thereafter. Also, inflation is assumed to be static at 8.5 per cent a year, with the workforce remaining the same size and a skilled worker earning an additional 35 per cent of his basic pay in overtime and piecework; even when demand is not strong, as at present, Petbow works considerable overtime.

On this basis, a skilled man's earnings excluding overtime and piecework, but including cash and share bonuses paid, will rise by 62 per cent to £8,593 in 1987, according to figures provided by Copeman Paterson, the company which designed the scheme.

His share holdings over the period will total £1,171 at bought-in prices and he would be entitled to almost £1,000 out of the stored-up bank of profit-share to be paid out in cash and shares in future years.

During this period the annual basic pay rises would fall slightly short of the assumed inflation rate for the first three years but this shortfall would be more than made up from 1984 onwards by profit-sharing bonuses. This is because the company's UK profits fall short of the trigger level of £1.33m for 1982-83.

From a statistical point of view, a historical look at what might have happened if profit-sharing had been in existence since, say, 1974, is equally intriguing. During this time there was at one stage near hyper-inflation (the RPI was once at 26 per cent), plus statutory pay limits. Moreover, the company incurred two years of losses, so the "bank" of profit-share would have been severely depleted, perhaps eliminated.

According to company records, the basic pay of a skilled man increased by 295 per cent to £4,6[illegible] during the period 1974-75 to 1980-81. Copeman Paterson calculates that basic pay would have risen by only 243 per cent to £3,864 had the profit-sharing plan been operational over this period.

The difference shrinks by £617 when shares, at bought-in prices, are included, but this is still around £2[illegible] less than the cash figure achieved through collective wage bargaining.

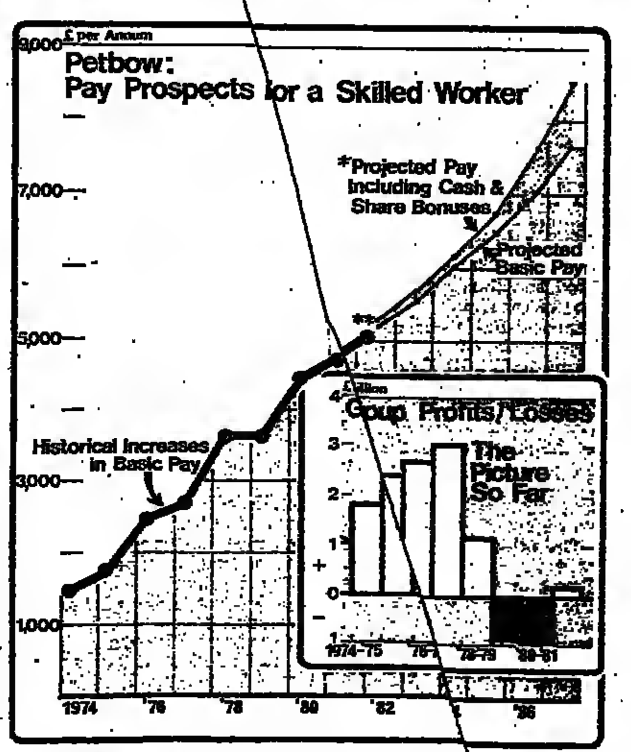
Bird makes the obvious point that the employee's position would have been substantially better had the company not actually incurred losses. But he also believes that under the profit-sharing scheme, the company would probably not have had to make redundancies.

Whatever the pros and cons, none of this has made much of an impression on the national union organisations, who have received Bird's profit-sharing scheme with a less than enthusiastic response.

Larry Brook, a divisional organiser of the Technical Administrative and Supervisory Staffs (Tass) section of the Amalgamated Union of Engineering Workers, says: "We would not choose to go down this road at all. It represents a threat to a free collective bargaining situation but faced with our members, and members of other unions, wishing to explore this development further, all help and advice has been directed towards proceeding with absolute caution."

Tony Dawes, leader of Petbow's white collar workers (he is chairman of the company's Tass members) says he views the scheme "with great expectation." All the unions within Petbow have agreed to take a close look at the plan, he says, although it is too early to make a final decision.

On their eventual vote could hang whether this small engineering company can lead British industry away from its traditionally destructive pattern of wage bargaining.



* Assumes 8.5 per cent annual inflation, static workforce and pre-tax profits rising by £0.5m a year from base £1m in 1982/83. Formula is applied to P60 earnings which include overtime and piecework estimated at 35 per cent of basic pay. Excludes banked up profit-share to be paid in future years but includes share value. ** 3.34 per cent increase to adjust pay review date and 1.02 per cent share bonus.

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THE ARTS

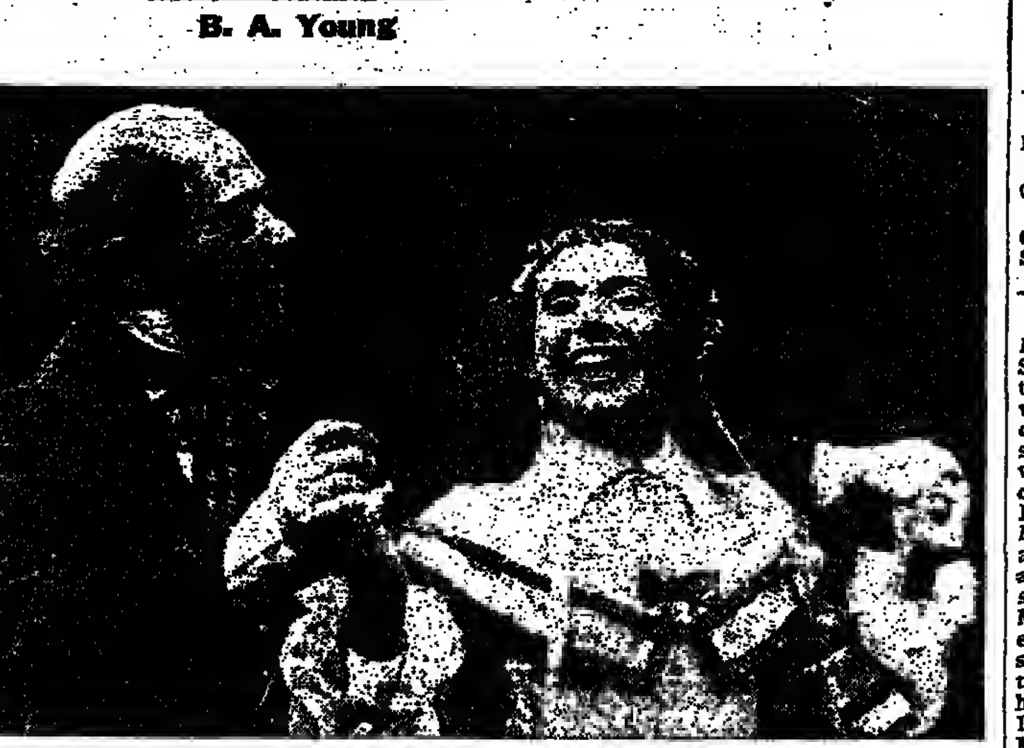
Money/The Pit

B. A. Young

My hatred of the Barbican dwindled as the complications of Bulwer-Lytton's Victorian comedy, transferred from Stratford, unfolded in the Pit, and long before the interval (which is nearly two hours a-coming) I was well pleased. Anyone unused to the drama of this period will need virtually to translate it, for much of the language is in the artificial manner of the age, and there are almost as many asides as there are lines of straight exchange. The company, at any rate, deal with it as if they have been at it all their lives, though they are inclined to play too much to the front, while the stage is surrounded by seats on three sides.

The plot is based on a traditional triangle. Alfred Evelyn, a poor secretary to his mean cousin Sir John Vesey, exchanges his affections, between two of his cousins, Clara, modest and decent, and Georgina, ambitious and untrustworthy. In the first scene, Evelyn, as he is almost always addressed, inherits an enormous fortune from yet another cousin in India, to the fury of everyone else in the family, who had been counting on it for themselves.

By this time, Evelyn has already been refused by Clara, who has early-Victorian morals, and becomes engaged to Georgina. It then becomes his object to test her virtue, which he does by plunging into a life of wild extravagance until the word goes round that he is done for. Although the girls are at the centre of the play, the action takes place mostly among the men, who are a more colourful bunch. Sir Frederick Blount (Miles Anderson) is a stock dandy, unable to pronounce his r's; Captain Dudley Smooth (Bernard Lloyd) is a high-stakes gambler; Mr Graves (George Raistrick), a wealthy widower who becomes Evelyn's confidant, affects permanent mourning for his wife but actually fancies Lady Franklin, Georgina's aunt; and how well they are all played.



George Ruistruck and Miriam Karlin

Until he blossoms into riches, Paul Shelley's Evelyn is a very dry, tedious man, liable at any moment to answer a question with a quotation from Paley's *Evidences of Christianity*, and in spite of the smart clothes and smart behaviour he takes to, he remains a serious fellow at heart. One of Lytton's tricks is to turn the apparently dodgy characters into goodies; Captain Smooth, for instance, proves to be Evelyn's best friend when everyone thinks he has ruined him.

The girls are beautifully contrasted. Sarah Berger as Georgina, outgoing and smart, is everyone's favourite, first for the fortune, then for Evelyn, and it is touch and go whether she gets him. As Clara, Juliet Stevenson is quiet and good and unbelievably kind. Miriam Karlin as Lady Franklin made me think of Lady Wishfort in *The Way of the World*, and how nice it would be to see her in that part.

The set, designed by Di Seymour, consists mainly of plush chairs and tables on a green carpet, and it serves equally well for every scene, even for the club in which Smooth and Evelyn win and lose fortunes at piquet. The director is Bill Alexander.

Cinema

Nigel Andrews

Not A Love Story (X), Paris Pullman.

Charles and Lucie (AA), Curzon.

Hog Wild (AA), Classic Oxford Street, Scene Leicester Square, ABC Edgware Road.

The lady doth protest too much

Not since Paul Schrader's *Hardcore* in which George C. Scott buffed and puffed through the California porno world in search of his missing daughter, has a film pressed such an apoplectic nose to the windows of the North American pornography industry. Bonnie Sherr Klein's *Not A Love Story* gives us Feminists against Obscenity: not so much a documentary more a rigorous self-improvement programme. Magazines, sex shops and "nude encounter" parlours are all subjected to gale-force tut-tutting by the film-maker and her fellow-investigator Linda Lee Tracy, a quasi-reformed Montreal stripper, as they panhandle for prurience above and below the 42nd parallel.

The arguments are those of the traditional pro-censorship lobby, here given a trendy feminist tilt. Male sex fantasies, whether splashed onto centrefolds or enacted in red-light nightclubs, debase women, dehumanise them. "Pornography is a way of continuing a death-oriented society" says one woman. "We got pornography and what we wanted was eroticism" says another. (But she doesn't define the difference.) "The camera never caught it — it never felt the love" says a male porno-film star, now "retired."

Every cross-section of human society — women or men, blacks or whites, rich or poor — has a right to protect itself against coercion and curbed freedoms, or against being the involuntary victims of commercial or sexual "exploitation." But *Not A Love Story* gets its anti-porn arguments in a terminal twist on at least three fronts.

First, the movie's constant barping on women being "forced into" nude-modelling, prostitution et al would be justified only if the American sex market was fed by a slave-trade recruitment of labour rather than by voluntary enlistment. (Of course when the Women's Lib camera turns on them in their booths, the nude-encounter ladies, trained to oblige, pipe up with "How degraded we feel").

Secondly, the argument that pornography expresses a vengeful male desire to dominate women in a Feminist era (the biggest-selling sex image today, says a Canadian publisher, is the genuflection of oral sex) leaves cheerfully out-of-account the fact that anyone walking past a sex-shop window today can see that dominant women — usually leather-clad, whip wielding and looking like a pop Boadicea — are just as thick on the mattresses as dominant men.

Third and most threadbare of all the film's contentions is the old chestnut that sex is a legitimate activity only as an ancillary of "love." Romantic love, of which this precept is the cornerstone, has always pressed the belief that physical attraction and spiritual affinity are somehow linked, deep-down, and this fallacy has probably been responsible for more post-nuptial disillusionment and misery than any rubrick in human history.

Not A Love Story believes that in the ideal society sex-for-sex's-sake would wither away: much as the state is supposed to wither away in the ideal Marxist society (but never does). The credo reckons without centuries of illustration that human beings enjoy sex for its own sake, as well as within a love relationship; and however much more important or durable love may be than sex, it cannot be relied on simply and cleanly to subsume all sexual desire and sexual fantasy.

Not A Love Story is the old Puritan blast-on-the-whistle given a little modish '80s kudos by its Feminist backing. But the arguments are all as spurious as ever, the conclusions as iniquitous and repressive.

Charles and Lucie, directed and co-written by Nelly Kaplan, is a French road movie for four footsore feet and two plucky-and-imperishable souls. The 60-ish married couple of the title (Daniel Ceccaldi and Ginette Garcin) sell their humble town house, plus fixtures and fittings, when they inherit a multi-million-franc Riviera villa replete with swimming pool and all mod. appurtenances. That's what it says in the deed at least, and seems to promise in the photograph. But when they reach the address all they discover is a wooden shack squatting in miles of dune-land, gift of the crooked lawyer who contrived the fake bequest. And even the car they simultaneously inherited, and are now driving, proves a stolen one.

Patti D'Arbanville in Hog Wild

Penniless, thunderstruck and pursued by the police, they bravely tramp from town to town, from ride to ride on hitch-hike vehicles, improvising survival. *En route* they learn to love and need each other again, and thereby hangs the fable. Bankruptcy can bring you happiness.

Though I don't wholly subscribe to the notion that wealth can't, the film has a wise-and-breezy flibbertigibbet charm and a surreal resource in its plot-twists that isn't quite matched in its looks. While our two rolling stones gather over more exotic moss—a mass murderer met in a confessional (their bedroom for the night), a travelling lady palmist Nostradama —the camerawork limps after in four-square, flatly-lit, French-comedy naturalism.

But if Kaplan doesn't show much of an eye in this film (compare her perkier *Fiancée du Pirate*), she has an ear and a funny-bone and a plot imagination. The tale and its human tellers—Ceccaldi with his bemused face gaunt as a clock-tower and Garcin a redhead waif with a squally Piaf voice—make this the best French import to the Curson for many months.

★

"You've just learned an important lesson, son" says stern and deadpan Dad, after breaking a billiard-cue over his startled 18-year-old's back; "You never turn your back on anybody, not even your own father." *Hog Wild* gives us the best poker-backed nutcase of an American paterfamilias since *The Graduate*; and the film launches him airwards with a dozen other curious-kooky characters in a juggling-act comedy of enormous vitality.

A nominal plot spins around the feud between a blond-topped college boy Michael Biehn (the billiard-bashee above) and a motor-bike gang led by the "Bull" (Tony Rosato), with Patti D'Arbanville as the fair damsel caught in the crossfire. But the film, cocking snooks at every town-and-gown class-and-gangland film from *Grease* to *Animal House*, motors along on its marginalia: the Woody Allen-ish class swot (Keith Knight) in the gang in the school toilet ("I have this aversion to physical pain," he stammers: "maybe because it hurts so much"); the pinbrained-macho gang leader who cannot utter a coherent syllable and has a special henchman-interpreter for his adenoidal Method burblings ("The Bull says, 'You are disturbing his universal scheme of things'"): the mad censorious Dad. It's a Puckish, inconsequential, scatterbrained, hugely enjoyable film. Andrew Peter Marin wrote, Les Rose directed.

Gillfins/Old Red Lion

Rosalind Carne

It has become fashionable to mock the Bloomsbury Group. Dominic le Poer Power has pretensions to more than fashion in this erudite exercise in literary skulduggery, the first production from Mind's Eye Theatre. Sadly, it is a dull, static affair, belittling its artistic inspiration quite adequately, but without much compensatory flair or wit.

The scenario is an academic symposium, honouring the centenary of the celebrated writer Cecilia Brindle (1882-1939). Coming fresh from a similar event in Dublin I am well aware of its humourous potential. However, this silly little play runs overboard with crude devices. As a foil to the rarified prose it purports to celebrate, furniture collapses, the ceiling threatens to cave in and a mysterious and embarrassing domestic secret muddies the clear waters of academic scholarships.

The proceedings are illuminated by a series of slides and Cecilia is discovered to bear an uncanny resemblance to her near-contemporary Virginia Woolf. Like her, she was at the centre of an intellectual coterie and her friends appear to have been an oddly similar bunch. Surely Mr Emerson Edgely is none other than Lytton Strachey? Much of the audience's effort is expended on identifying these characters.

This flood of supposedly comic allusion is presented via the readings and reminiscences of a panel of "experts" who are discovered to be quite unhealthily involved in the comings and goings at Gillfins. There is plenty of scope for excitement and there are a few nice pastiches in the television actress' recitations from "Sea Anemones," "Driftwood" and other gems. Unfortunately, the performances, directed by Andrew Hilton, lack subtlety or distinction, though Roland Oliver as Brindle Pike, the harassed chairman, has considerable controlled energy and a certain repressed charm.

James Wood/St Bart's

David Murray

Besides being a most musical percussionist, James Wood is a serious composer and a one-time student of Nadia Boulanger. His lunchtime recital on Wednesday in St Bartholomew-the-Great, part of the Park Lane Group Festival there (it runs for another week), made as attractive an hour of percussion-music as one can imagine—much more attractive than some will probably imagine, and satisfyingly varied.

There is more music for solo percussion than you might think, but modern electronics has considerably enriched the possibilities for recital-work. In that regard Wood has the invaluable assistance of John Whiting, best known for his virtuoso sound-engineering for the group Electric Phoenix. Wood began, however, with a new work which asks for live sounds only: *The Living Night*, composed for him by Elisabeth Lutyens. For a dozen minutes it makes evocative play, mostly gentle, with small motifs that trickle from one pitched instrument to another, punctuated sparsely and tellingly by unpitched sounds from brushes and rattles to gongs. Miss Lutyens makes strictly economical use of a large array of percussion.

Wood's own arrangement of the first Trio Sonata of Bach—two parts pre-recorded, the third delivered live on xylorimba or vibraphone—made a useful contrast, and fell easily upon the ear. The last half-hour was a splendid piece of percussionist's wish-fulfilment, vastly noisier but tightly enough controlled to be continuously exciting: Wood's *Choroi kai Thaliai* (Revels and Dances) with himself, the soprano Sara Stowe (strong and direct) and pre-recorded choral chants. On classical Greek texts from the Delphic hymn to Apollo through fragments of *The Frogs* and *The Bacchae* Wood has contrived a rising curve of contrapuntal rhythmic excitement.

The Prodigal Son/Greenwich Festival

Andrew Clements

For the Greenwich Festival in 1980 and 1981 the Cambridge Opera Group created new productions of the first two of Benjamin Britten's church parables, *Curlew River* and *The Burning Fiery Furnace*. For this year's festival the Group completed the trilogy with *The Prodigal Son*, seen for the first time on Wednesday in the chapel of the Royal Naval College. It will be followed by the two earlier works. The productions should not be missed.

It is commonly held that *The Prodigal Son* represents a falling off from the achievements of the earlier parables. If it lacks their emotional power—largely because the story itself lacks the moments of divine intervention that provides each of them with its overwhelming and inevitable climax—it remains completely enthralling. There are moments when Britten seems to be relying on the traditions he created to carry the narrative forward. But *The Prodigal Son* has its compensations, not least in its scoring, which is seemingly inexhaustible in its imagination and in its ability to derive telling effects from the slenderest means. The colour given to the vocal lines by the use of alto flutes, high trumpet and viola especially develops the process begun in the earlier works far beyond its original potential.

The Cambridge Opera Group production more or less follows the precise prescriptions for the staging laid down by the composer in the score. The characters here do not use masks at all, taking the parables farther away from the Japanese Noh plays that provided Britten with his initial inspiration. The nave of the chapel is also used more than the score suggests, effectively accommodating the departure of the servants to the fields, and the return of the Elder Son at the end of the work. The production is lit by candles, an intelligent decision when the rather opulent interior of the Royal Naval College chapel could jar against the austerity of the parable itself.

It is, however, an account of the work that is utterly faithful in every essential particular to the spirit of Britten's work. The four principals are all splendid, though Christopher Gillett's Tempter is outstanding both for its complete vocal assurance and convincing assumption of the insidious and smooth talking role. Stewart Buchanan is a warm and believable gentle Father, though he and the Younger Son of Philip Salvion would have imposed themselves on their roles more firmly had they possessed greater vocal power. Simon Phipps makes much of his petulant outbursts as the Elder Son.

The chorus and instrumentalists under the musical direction of Simon Halsey sang and played with commendable accuracy. The production, straightforward and uncluttered, was by Nicholas Hytner. All three parables should be seen as widely as possible.

Saleroom

A bronze figure of Minerva by Johann Gregor van der Schardt, was sold at Sotheby's yesterday to Cyril Humphris the London dealer for £99,000. It was made in the late 16th century. A rare Nottingham alabastar altar piece of the late 15th century was bought by Leggatt Brothers, another London dealer, for £49,500, on behalf of the Castle Museum in Nottingham. Sotheby's sold the five panelled altar in 1946 for £1,000.

Other high prices in the auction of works of art were the £12,850 for an early 17th century bronze figure

Devour the Snow/Bush

Michael Coveney

It is rare for anything at the excellent Bush Theatre to fall into the "So What?" category of contemporary drama, but this oddly inconsequential American trial play by Abe Polsky does just that. The scene of Simon Stokes's is Sutter's Fort in north Carolina, 1847, where a small town community investigates the Donner Party incident of the previous year.

For readers still with me, the frontier expedition had been trapped in a snowfall in the Sierra Nevada and the play reconstructs a trial (all records of which are lost) in which the last survivor, Lewis Keseberg, brings an accusation of slander against two of his fellow pioneers.

While the conventional thrust of the dialogue is easy enough to follow, the circumstances to which it refers are almost impenetrable, and anxious reference to a detailed chronology in the programma proves a tiresomely essential condition of audience participation.

In the background of Keseberg's case lurk counter accusations of murder and cannibalism. Also, a paranoia on the part of the plaintiff as to his alien status in a close-knit mercantile community. These passages are superbly despatched by Stuart Wilson as Keseberg; his boiling passion and indignant self-assurance are far more eloquent than Mr Polsky's text.

But, at tha end of the day, does one really care a jot about who ate whom or even why? You will be left aimlessly counting the bags, barrels and buckets on Grant Hick's attractively realistic set long before the evening is up.

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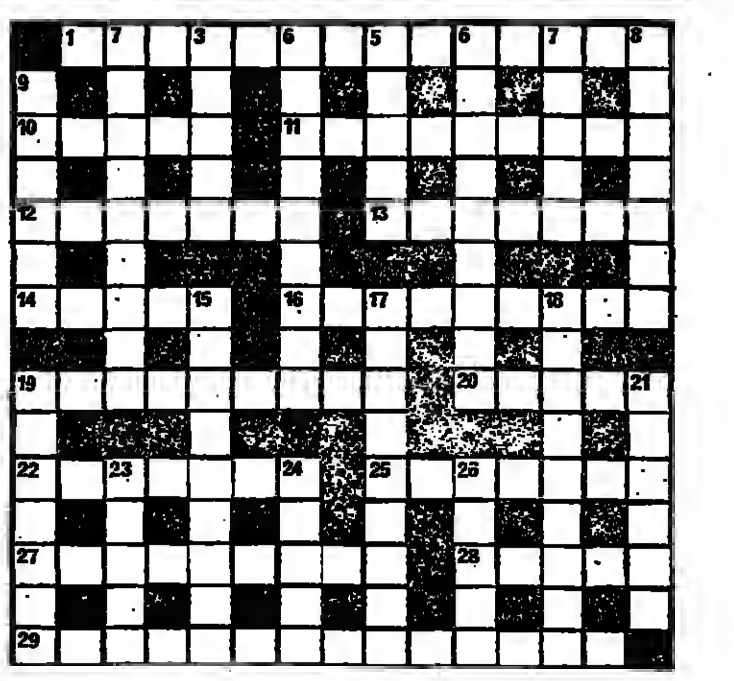

ACROSS

1 Vehicles to accommodate in trade union headquarters (9, 5)
10 Dwelling right for a pigeon (5)
11 Owelty in a state of balance (9)
12 Spell to mitigate (7)
13 Most profound river bore (7)
14 Composer of happiness? (5)
16 Liquor vessel to broach with a good man again (6-3)
19 Gloomy oracle about ship and gunners (9)
20 General American subsidy (5)
22 A large number return to take off and are rebuked (4, 3)
25 Article is seen in feline bond (7)
27 Impetuous, like a person under a hair-drier? (3-6)
28 Island formed in a ring (5)
29 Tailor's accessories creating numbness (4, 3, 7)

DOWN

2 Cocked hat and wig fashionable after Marlborough's victory in 1706 (9)
3 Give strength to audacity (5)
4 Current edition introduced to the public (9)
5 Cycle in a circle (5)
6 Event perhaps in Gateshead? (9)
7 Join a group of soldiers before start of exercises (5)
8 Team always needing weight (7)
9 Young reporter accepts her spirit (6)
15 Flatter musical composition that's broadcast in instalments (4, 5)
17 Fruit on shelf that may terminate knitter's work (5-4)
18 Principal's vocal inflexion should contain grave words (9)
19 Sauce needed to overtake (7)
21 Ensnare in seaweed (6)
23 The French can create another language (5)
24 Grew pale and died away (5)
26 A minor to give a prize (5)

Solution to puzzle No. 4,905

FINANCIAL TIMES

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A threat that must be faced

IT NOW seems very likely that the National Union of Railwaymen will call an indefinite national stoppage on Monday; and it is entirely certain that any such stoppage will do further and possibly quite grave damage to the already declining industry which employs them. The union and its members are well aware of this. That is no doubt why the union executive thought, erroneously, that the British Rail board would compromise rather than face a stoppage, and why an unknown number of railwaymen are reluctant to support the strike.

In these circumstances the normal instinct of politicians—and of commentators, including ourselves on many occasions—is to deplore, and seek any face-saving way to avert disaster. This time, however, the two sides seem to be rushing knowingly into collision, with no attempt to change course. From the employers' point of view, it seems to us that on this occasion, standing firm is the only reasonable course.

As has been widely noted and resented in private industry, the pains of disinflation were at first quite largely restricted to the private sector. More recently, the Government has been prepared to confront some very costly disputes to impose a similar constraint first on the civil service and now on the health service.

Strategic

Public sector industries, however, pose special problems; for the issue here is not simply one of pay. These industries, like private industry, also need to make some painful and long delayed changes in working practice to achieve higher efficiency; otherwise they may have to go the way of many steel plants, and some ports, and close down.

Because these industries command some of the strategic positions in the economy, employers have been unwilling to push their demand for efficiency to the point of confrontation. Because of this tradition, some employees seem to have reached the conclusion that any employer who cannot go bankrupt can always be obstructed and squeezed. At some stage these militants may have to learn that access to public money is not only a source of possible concessions, but of ultimate bargaining strength.

Costly

The particular issue which has arisen on the railways—the working of a limited number of modern trains without guards—may not seem a very good ground for a decisive battle. The dispute may appear to be about the wrong topic, and with the wrong union. However, the British Rail board, already constrained by the heavy cost of this year's train drivers' strike, has clearly reached the point where it feels it must insist: it might well have reached the same decision earlier.

If there is to be a long and costly national dispute, it clearly cannot be restricted to one narrow issue; the board will have to take the opportunity to insist on the changes it requires from all kinds of staff, which will initially further complicate and embitter the dispute. Unless the strike can be averted, it may well be a long one.

The Government may well feel that its own role can be limited to firm assurances—clearly already given—of support for the board; but this is too negative a role. Two things have embittered relations in a once peaceful industry. One is the vicious syndrome of entrenched inefficiency leading to low pay, leading in turn to resistance to improved efficiency. The other is the lack of any vision of a more hopeful future. A breakthrough on efficiency could improve the prospect for pay, but only the Government can underwrite the future of even an efficient railway system. The Government should now be considering the commitments it is prepared to make if progress on efficiency is at length achieved.

Time to reform Turkey's banks

THE TURMOIL in Turkey's financial markets might well have been avoided. The authorities have long known that the country's money markets are unhealthy and that many banks operate against normal banking principles. This week it has had no option but to step in to prevent various banks from going under.

Collapse

It is three days since the collapse of Banker Kastelli caused a run on many of the country's smaller banks. Despite its name, Kastelli was a broking house, not a banking firm. Last winter many other similar "Bankers" went under, causing public wrath and government embarrassment. But it is a measure of the role Kastelli played that to many Turks it had come to symbolise the stability of the system as a whole. Up to the end it continued to attract funds for industry and the banks, offering real interest rates of up to 20 per cent on the bonds it sold on behalf of Turkish industry and the certificates of deposit which it placed for Turkish banks.

Thousands of Turks sold property or jewellery or invested their savings to take advantage of these terms. By the time it collapsed Kastelli had marketed an estimated $850m worth of such paper, adding its guarantee to most of it. Two factors brought it down. The first was its need to accept progressively poorer risks in order to keep up the growth in placements on which it depended.

The second and related problem was the government's decision earlier in the month to tighten its squeeze on bank liquidity. Kastelli's problem came to a head when a client bank was unable to meet payments on certificates of deposit which had matured.

Kastelli's problem thus derived from a malaise affecting much of Turkey's financial system. The economic crisis of the past four years has caused grave problems for many Turkish firms. These have been compounded by a rapid rise in borrowing costs. Interest rates were freed two years ago and firms now have to pay around 60 per cent for advances, 25 per cent above the rate of inflation.

The problem of the firms have robbed off on the banks. Many companies have been unable to meet their interest payments and banks have often been obliged to enter accrued interest into their books as new debt. In addition, individual industrial groups now own controlling shares in most of the country's banks and were often able to pressure the banks to exceed prudential lending limits.

While the banks had trouble with their lending, they have also had to compete for funds with the "Bankers" like Kastelli. This competition has become so fierce that some banks were paying more for fresh funds than they were able to obtain from new loans.

The government had long expected some trouble in the market. In private, officials would even suggest that the failure of a small bank might provide a useful example to depositors. An example has now been provided, and the depositors' queues which have been forming outside the larger banks are evidence that many of the public have learnt their lesson. The question is what the authorities themselves will learn.

Three steps now seem necessary. The first is that all banks must be required to have their accounts regularly audited by independent assessors. The second is that the banks' reporting system to the authorities should be improved and the Ministry of Finance exercise the prudential role assigned to it by law: too many officials now openly take for granted the way that the banks window-dress their accounts, and too few do anything about it. The third is that clear limits must be set on the extent to which a bank lends to its own corporate shareholders.

Political

In the longer-term some concentration in the Turkish banking business might be beneficial. It is also time for the authorities to enact a proper Capital Markets Bill. One has been in preparation for at least 15 years.

In the last resort these are deeply political questions. Any alterations to the banking system are likely to highlight the cost to industry of the country's protracted economic crisis and the Government's current austerity programme. Making the banks more healthy may, in the short term, make industry less so.

A balance must be struck, for it appears that the government can no longer afford to continue with its past policy of benign neglect. The funds provided to the banks in the past few days threaten to give a renewed impetus to inflation and to cause Turkey to breach credit limits agreed with the IMF. They also give the government the leverage to make some overdue changes.

POLITICS TODAY

Mr Nott's changing fortunes

By Malcolm Rutherford

MR JOHN NOTT, the Defence Secretary, has begun to fight back. This week he published — unchanged — the annual defence estimates which had been prepared before the Falklands crisis. Next week he will defend his policies in the House of Commons.

Mr Nott used to be a rising star in Mrs Thatcher's Cabinet, sometimes tipped to succeed Sir Geoffrey Howe as Chancellor of the Exchequer. He was chosen 18 months ago to replace Mr Francis Pym at the Defence Ministry because the latter was threatening to resign rather than further trim defence expenditure. Mr Pym felt deeply that the Tories had committed themselves in their election manifesto to a substantial increase.

Mr Nott went in as a manager, as someone loyal to Mrs Thatcher and ready to accept her brief that defence expenditure could be increased by no more than the Nato target of 3 per cent a year in real terms. He shared the Prime Minister's philosophy that the first priority of the Conservative Government was to restore the economy at home: defence and foreign affairs were secondary, though Mrs Thatcher's priorities may have changed slightly since the Falklands crisis.

Leonard Burt

Mr Nott pictured on Wednesday with Buccaneer-mounted Sea Eagle missiles. He opened new laboratories at British Aerospace's Hatfield plant where the new all-weather, long-range, air-launched, sea-skimming, anti-ship missile will be developed

For a time Mr Nott succeeded. He is — or was — one of those people who, like President Reagan, can make the light shine out of the Prime Minister's eyes. Last July he produced a defence review which was approved by the entire Cabinet.

In the autumn things began to go wrong, as the Treasury sought to claw back some of the expenditure which it was thought had been agreed in the summer. This is a perennial exercise for which he should have been prepared, but it seems both to have surprised and pained him. Mrs Thatcher sided not with the Defence Secretary but with the Chancellor.

Here is one particular example. Some savings had been worked out, but the Treasury was still demanding another £200m. There had been an approach from the Australians about the new aircraft carrier HMS Invincible. The Government was anxious to get back into the business of selling carriers and related equipment abroad. So it was agreed to meet the Treasury demand by selling the Invincible to Australia for some £175m.

Mr Nott says that he wanted to keep it, though admitting that some of the military advice which he accepted was that it was unnecessary to British defence. Anyway it was the sale of the Invincible which sowed more seeds of trouble to come, especially in the Tory Party and in the Navy lobby—sometimes called the retired Navy lobby.

Mr Keith Speed, the Navy Minister, had already resigned in protest against the naval run-down. There was a rising swell of opinion against Mr Nott in the Tory ranks. The culmination was the outbreak of the Falkland crisis, not only because Britain was forced to rely on the Invincible, which was due to be sold, and on other ships destined for the knacker's yard, but also because of his disastrous performance in the fateful House of Commons debate on Saturday, April 3.

Mr Nott was unlucky. He was the closing speaker in a highly emotional session and was bowled down, not least from his own side. (The speech does not read too badly.) Yet afterwards, when he and Lord Carrington, the Foreign Secretary, want to meet Tory MPs, his luck changed. It was the Foreign Secretary that they turned on. Lord Carrington is said to have decided on the spot that he must resign and the announcement duly came two days later.

Mr Nott learned the news on the Whitehall grapevine shortly before it broke. He responded by telephoning No 10 Downing Street and saying that his own letter of resignation was on the way. He was ready to go, but admits that he did not really expect the offer to be accepted, if only because it would have meant too big a Cabinet reshuffle at a time of crisis.

Much of the rest is well-known. The Defence Secretary became *ex-officio* a member of the inner Cabinet conducting the Falklands exercise. He gave one appalling television performance, trailing behind Mrs Thatcher during her "rejoice, rejoice" remarks after the recapture of South Georgia. In the House of Commons he was faltering. He also took the flak from the row between the defence correspondents and the Ministry of Defence over the coverage of the campaign. Some of the sniping at him came from Downing Street.

This week, however, he seems to have decided to go down fighting, possibly even to survive. Mr Nott has taken the initiative in two ways. First he persuaded his Cabinet colleagues to agree to the publication of the 1982 Defence Estimates as prepared before the Falklands crisis. Second he went public after a meeting with the Chancellor and the Prime Minister at which it was accepted, in general, that the defence replacement costs of the Falklands war would be borne by the Exchequer without prejudicing the 3 per cent increase in defence spending or the defence budget if the Invincible is not after all sold to Australia, as political pressure in the Tory Party now seems to dictate. (Mr Nott suggested to the House of Commons Select Committee on Defence on Wednesday that the Australians might be attracted to order a brand new carrier from a British yard, plus all the latest equipment that would draw on the lessons of the Falklands experience.)

By going public on the Government's commitment to meet the replacement costs, the Defence Secretary seems to be

> He seems to have decided to go down fighting, possibly even to survive

existing programmes in any way. The Defence Secretary said that that was a firm agreement.

It was a daring act, for the replacement costs of the campaign are by no means established. As of early June, they are put at around £500m in 1982-83 and perhaps £250m in each of the two succeeding financial years.

Early June was early days: the full evaluation of the losses has still not been made. Also, the £500m figure does not include the cost of the garrison in the Falklands and cannot, because no one yet knows how large the garrison will have to be.

The other item which is not included is the £175m or so which will have to be found for pursuing two aims. One is to stop being messed about when it comes to the annual review of public expenditure, rather as he believes he was after the defence review last year. Mr Nott hopes that the Treasury will be obliged to stick to the commitment, almost whatever the cost. He is perfectly well aware that the agreement was only in principle, that it was uncosted and that the Treasury will seek to claw back. But he has tried to pre-empt.

The other aim is rather more subtle. The replacements for the Falklands losses, he said, will not necessarily be on a "like for like basis." In one sense that is a truism. It would be foolish to replace an old ship with a replica. Yet there is more to it than that.

There was already an argument going on, even before the Falklands crisis, about placing orders for new ships. The essential problem is that, under Mr Nott's defence review, the number of ships will be run down before new vessels are commissioned. Some of the Tory critics says that this decline in numbers will be positively dangerous. The Defence Secretary's response seems to be that that is a risk worth taking, if the country can get the right ships in the future.

The particular argument is about frigates — the existing Type 22 and its designated successor the Type 23. As this week's defence estimates state: the move towards the next generation of frigates—the Type 23—"reflects our policy of replacing ships rather than undertaking mid-life modernisation."

The Type 23 would be smaller, cheaper and more all-purpose than the Type 22, but the point lies in the equipment it could carry. It would be a simple platform for weapons systems. There is a plan for an Anglo-Italian helicopter which would go on board and which would be designed to hunt, find and destroy submarines, all in the same mission.

It is worth noting in passing that, for all their prowess in anti-submarine warfare, throughout the Falklands expedition the British forces never even located any of the main Argentine submarines. The Hermes, the Invincible, the QE2 were potentially prey to submarine attack at any time.

The trouble is that it would be much easier to order more Type 22s. They could be built more quickly because the yards would be familiar even with a revised version. The first Type 23 would be unlikely to be ready before 1988.

It would also be easier to go for more Type 22s under the way the present financing of Defence Ministry spending works. The money tends to be allocated on a year-to-year basis. If it is not spent, it is claimed back by the Treasury.

Mr Nott is under strong pressure to announce orders for more Type 22s next week, probably during the defence debate, since there is some money in this year's budget. He cannot yet announce orders for the Type 23 because the preparations have not been completed.

That is what lies behind some of his more cryptic statements of the past few days. He intends to resist the pressures to go for more Type 22s and to use some of the Falklands replacement money to go for yet more Type 23s in the longer term, though whether he will get away with it is another matter. He would like not to place the new orders until towards the end of the year.

There is the wider point of sticking to his original defence review. Mr Nott insists that it would be naive quickly to recast the whole of British defence policy in the light of one totally unusual and unlikely-to-be-repeated campaign in the South Atlantic.

The verities stand. These are that the principal military threat comes from the Soviet Union, mainly on the central front and the northern flank of Europe. It would be politically and militarily undesirable to cut back on British forces in Germany, and would not necessarily save any money.

The air defence of Britain is so thin that it is better not to talk about it. Thus, given the financial constraints, if cuts have to be made they had best fall on the Navy. The best way of compensating for that is to try to make the Navy more cost-effective in future.

There Mr Nott's case seems to rest. His political future is uncertain. He has been heard to say—though one should be sceptical whenever politicians talk in this way—that he would not mind quitting politics altogether. Alternatively, he could be moved to another department.

Possibly the best development of all would be for that to happen and for a new Secretary of State to come in and reach the same basic conclusions as Mr Nott's defence review. For Mr Nott, despite an engaging if at times infuriating personality, does have some defects. He has a very low boiling point.

More important, he is clearly not ready to tackle the central question of defence expenditure, which is why costs rise so fast and why expenditure is not better organised. He is not ready either to seek reform of defence tasks through Nato.

The most likely successors are Mr Michael Heseltine and Mr Peter Walker. Whoever it is might even have a new look at Trident, to which Mr Nott and Mrs Thatcher remain committed.

Men & Matters

Board game

In pursuit of ICI's expansive ambitions to make the whole of Western Europe its home market, chairman John Harvey-Jones, a Social Democrat, has recruited a leading West German Chrisian Democrat to the company's board.

Walther Leisler Kiep, the CDU's former treasurer and a man long tipped as finance minister, or even Chancellor, if the party came to power, joins ICI as a non-executive director next month.

He is the first German to be appointed to the board and only the second continental European. Unilever vice-chairman G. D. A. Klijnstra was a director from 1974 until his death in 1976.

Kiep will bring with him an invaluable and wide range of experience in politics, finance and business—and some good contacts in the U.S. where ICI is also intent on boosting sales.

Tall, suave and good-looking—he has been a bit unfairly described as the West German Michael Heseltine—and with a passion for high-powered motorbikes, the 56-year-old Kiep is managing director of the insurance group Graemann and Holler. He is a former director of Volkswagen and currently on the board of the Bank of Montreal.

But it is as a politician since 1965 that Kiep has achieved public prominence in Germany. A former finance minister of Lower Saxony, Kiep was until a couple of month ago, among the foremost figures in the Conservative opposition in the Bundestag.

He was then chosen to step up the CDU's challenge to Helmut Schmidt's shaky government in the spring state elections by leading the battle to win the Social Democrat stronghold of Hamburg, Schmidt's political birthplace.

Kiep overturned the SPD's majority in a victory which, it was widely forecast, would hasten the end of the Government. But he did not achieve enough votes to break a political deadlock that still bars him from the office of Mayor of Hamburg.

Much of Kiep's success was attributed to his appeal to the voter's pragmatism—an appeal that extends across party lines.

Chancellor Schmidt himself was sufficiently impressed by it to appoint Kiep three years ago as his special representative in arranging financial aid for Turkey through the OECD and IMF.

Ride east

On the basis that a good tale will stand re-telling, I draw upon the "Travellers' Tales" column of the Far Eastern Economic Review for this guide describing to English-speaking visitors the pleasures available at an amusement park in Kobe, Japan.

The rides on offer include the devious Polyp, in the arms of which, says the guide, "you will be in a state of stupor by unique motions of an octopus' paws."

As for the Tagada: "You are jumped as if you are a parched sesame seed by a dancing flying-pan."

Still in one piece? Then move on to the Rock'n Roll: "After you ride on a can, you are brandished and inverted."

I have always admired the traditional Japanese toughness, but in this instance, I'd rather stick to candyfloss.

Honest Ed

The Old Vic is likely to get a fresh face thanks to its new owner, Ed Mirvish of Toronto, Canada.

Mirvish, who bought the theatre for £550,000, outbidding Andrew Lloyd Webber of Cats fame, made his money from a department store in Toronto, called Honest Ed's. Even though the composer subsequently upped his bid to £600,000, the Old Vic goes to Mirvish because the new bid missed the deadline.

The Canadian's rise to riches continued when he took over Toronto's Royal Alexandra Theatre — which like Mirvish, dates from 1910 — and redecorated it in suitable taste.

Keen to provide his audience with food as well as entertainment, Mirvish built three establishments nearby — a colourful dive full of ornamental pottery and glass, a seafood restaurant and a snack bar.

Unusually for a theatre man, Mirvish likes to be in bed by 10 pm. When I called on him in Toronto, he invited me to a matinee at the Royal Alex, rather than the evening performance.

It is not known precisely what plans he has for the Old Vic, although he believes he may have to spend more than £1m to restore it.

According to Andrew Lee, administrator there, the Old Vic is ready to open any time, although it is a bit shabby.

But he adds: "If you have an audience which is used to the Barbican and the National, then they expect the very highest standard of luxury." To reach that, he says, could take six to nine month.

Outsider

A new tendency is apparent in the Parliamentary Labour Party: a growing disposition among MPs to turn a collective cold shoulder on brother backbencher and former junior industry minister Leslie Huckfield.

Already distinguished as a member of the tiny band that even the kindly Michael Foot has expelled from his front-bench, Huckfield, by popular vote, has now been excluded from meetings of that closely-knit group, the North-West region's Labour MPs.

Huckfield has been MP for Nuneaton since 1967 but, anticipating the removal of his seat in parliamentary boundary changes, recently got himself adopted as candidate for Wigan. But Wigan, too, it has been decided, will also disappear from the parliamentary map. And other Labour MPs in the area, intent on securing their own places, are refusing to recognise Huckfield's presence in the North-West.

All the political signposts for the unfortunate Huckfield now seem to be marked "exit." It is confidently expected that he will be ejected this autumn from the seat he has occupied on Labour's national executive for the past four years.

Wrong track

While railwaymen wrangled over their future yesterday, a rather less well known union dispute came to an acrimonious close.

Derrick Fullick, president of Aslef, was somewhat piqued when the Sun ran an article last May alleging that during a TUC meeting he told Len Murray, the TUC leader: "I'll pick you up by the braces and drop you down a lift shaft."

Claiming that he aimed his threat not at the innocent Murray but at Sid Weighell, general secretary of the NUR, Fullick proved his point in the High Court.

Yesterday, The Sun apologised and agree dto pay legal costs. But there is still no love lost between Weighell and Fullick. When asked what his relationship was with his comrade, Fullick replied: "We have no relationship."

Observer

FINANCIAL TIMES SURVEY
Friday, June 25 1982

Italian Engineering

Despite severe handicaps Italian engineering is prospering. Last year exports rose by 50 per cent and, partly because of rationalisation, major companies like Fiat and Olivetti are now making respectable profits. There are also signs of a recovery in the state-owned sector.

CONTENTS

Industrial robots help to boost production for Fiat

Hard work and vitality continue

BY JAMES BUXTON

"ITALIANS are the hardest working and most inventive and ingenious people in Europe." That was how Sig Carlo de Benedetti, chief executive of Olivetti, recently explained why, despite everything, Italy is a successful industrial country.

"Despite everything," includes politicians of monumental irresponsibility whose almost every action leads to the stata taking on more and more commitments that it cannot afford; an almost unbelievably inefficient civil service which cannot administer those commitments; and the consequent accumulation of a staggering national debt which starves the private sector of credit for investment and fuels inflation.

Last year, when the Italian economy belatedly faced up to recession and businesses were forced to concentrate on exports, the engineering industry increased its exports by nearly 50 per cent in a dramatic improvement on a poor export performance in 1980. The prevalent impression, in an industry that ranges from the private sector colossus of Fiat to family concerns making advanced machine tools or mechanical hoes, continues to be one of vitality and industriousness.

Nevertheless the general economic background is poor. Although exports grew impressively last year, imports have shot up this year with the ending of nine months of import controls. Foreign markets are generally weak, especially in the Opec countries which have long been important for Italy. There are signs that the Italian economy will show a small degree of growth this year but if so it will be the result of excessive internal stimulation of the economy by uncontrolled public spending—which will have its own consequences for both the balance of payments and inflation (even though the latter bas dropped from 21 to 15 per cent in the past year).

Such growth as may occur will not be enough to correct an alarming situation of frequently meagre order books, reduced production and low albeit often improving profitability in many parts of industry. Unemployment stands officially at a record level of more than 2m or 11 per cent of the workforce and the system of state-subsidised lay-offs, which gives companies flexibility on the labour front, probably masks another 250,000 unemployed.

The consequences of a very high public sector borrowing requirement—set to approach L70,000bn (14 per cent of GDP) this year against a target of L50,000bn if nothing is done to stop it—are very high interest rates. The average corporate borrower pays 25 per cent for money. In consequence only the most desperate borrow heavily. Fortunately though, companies have responded by running down stocks rather than cutting fixed investment, the rate of accumulation for which last year stayed at about 20 per cent.

The Government is now finally on the point of bringing in new measures to hold down both the deficit and internal consumption—measures made more urgent by the devaluation of the lira by 2.75 per cent in tha European Monetary System (EMS) on June 12 last. But such measures bave come to little in the past and the great rifts in the ruling five-party coalition, plus the expectation of early general elections, do not make prospects very good.

Traditional

In structural terms Italian industry has the task of making the best of what might not look a very good hand. Just as Italy still draws much of its economic strength from textiles, clothing, and leather—industries which ought theoretically to be very vulnerable to growing competition from the Third World but which continue to flourish—the Italian engineering industry continues to pursue fairly traditional lines like the making of cars and tractors, the construction of bridges and dams. In his recent annual report Dr Carlo Ciampi, Governor of the Bank of Italy, pointed out that the proportion of Italian exports made up by high technology products was the same last year as it had been ten years ago.

That Italian companies have not moved en masse into high technology products is partly the result of the failure of governments to lead by way of orders, a clear strategy and intelligent use of funds—as demonstrated by the disaster of the state telecommunications industry, now belatedly being sorted out. Italian companies have had to stay competitive in sectors which in other countries have sometimes been allowed to decline.

They have also bad to do so in the face of almost permanent credit squeeze, highly protective labour legislation and a high degree of wage indexation; even last year real incomes rose by 3 per cent. The first response of industry to the increasing unmanageability of large plants and companies, which became progressively more obvious from the beginning of the 1970s, was to farm out more and more manufacturing work to small suppliers less affected by the restrictions and able to operate more efficiently. Whole industries, such as machine tools, are mainly in the hands of small companies which happen to he imaginatively managed by men well familiar with export markets.

Just as Prato, in Tuscany, was once the home of a few large spinning and weaving companies but now has 10,000 small ones, so the industrial map of Italy is being redrawn to show many medium-sized towns few foreigners have heard of where a mass of medium and small companies concentrate on a single main industry. Places like Lumezzano in Lombardy are becoming better known for making plumbing equipment, as is Reggio Emilia for farm machinery, Maniago in the far north-east for cutlery, and Laveno, north of Milan, for hand tools.

In such towns the further one goes down the scale of company size the more informal they become, so that the medium/small industrial sector merges imperceptibly into the submerged economy—which may make up as much as 30 per cent of GDP, though official allowance is made for only 10 per cent.

While this process of "atomisation" of industry was going on in the late 1970s the large companies tended to keep going as best they could, relying on devaluation of the lira to restore their competitiveness. But that expedient came to an end with Italy's entry into the EMS in 1979. Last year, despite two devaluations, Italian net average competitiveness rose by only three per cent.

Restructuring

In mid-1980 Fiat, facing a grave financial crisis, pleaded with the Bank of Italy for a devaluation but was sent away empty-handed. The company then embarked on a drastic restructuring policy involving the shedding of surplus workers and the tightening of management control. A strike by the unions in the autumn of 1980 was a resounding failure and the company's productivity, levels of absenteeism and efficiency have since improved drastically and are back to near the European average. Last year the company claims to have made an operating profit for the first time in three years—though it has still not worked out how much it was.

To some extent Fiat was only following in the footsteps of Olivetti, which started the same process in a less dramatic but equally effective way two years earlier and is already making respectable profits. It has been followed by tyre-maker Pirelli and Montedison, the heavily loss-making chemical concern. It is too early to say that Fiat has become a healthy company again; what one can say is that it should be well placed when the long-hoped-for economic upturn arrives.

There are even signs that the very large state industrial sector, which employs about 700,000 workers, is reviving, even though last year it made e record loss of about L4,000bn and has debt estimated at more than L30,000bn. The appalling financial performance of the three holding companies — IRI, ENI and EFIM — masks the existence within them of some remarkably healthy companies of different sizes — Ansaldo, Snamprogetti and Italimpianti are three examples from the engineering field. Performance of good concerns is dragged down by the huge losses of the steel, chemicals and, until last year, telephone sectors. Five big companies in 1980 accounted for 60 per cent of the three conglomerates' losses.

The minister responsible for the state shareholdings, Sig Gianni de Michelis, has been pursuing about as tough a policy as the political realities allow. He has reorganised some of the individual sectors, such as telecommunications and aerospace, obtaining a more rational structure and to some extent new funds. The disaster areas like steel and chemicals have also received attention. He has pushed through too a series of agreements between the state sector and its private sector counterparts, which almost inevitably are in the Fiat group, to stop wasteful competition and, at least in the casa of steel, to take heavy loss makers off the private sector's back.

The losses of the three holding companies are likely to be rather less this year than last but the recent crowing of success by Sig de Michelis—no doubt with electoral considerations in mind— is grossly premature. Tha bad sectors, notably chemicals, are far from recovery and the reluctance actually to shed jobs in any numbers in the state sector is so strong that one cannot expect a radical transformation.

Many of the solutions involved require the disbursement of yet more money, adding to the indebtedness of companies which are already overburdened by financial charges. Taking the worst loss-makers off the private sector's hands would be a mixed blessing if it failed to do any more than increase the state debt—and so keep real interest rates at astronomic levels.

But an important reduction in industrial costs appears to be on the way. From next February employers in the private sector, and almost certainly in the public sector, will no longer pay the full wage increases decreed by the *scala mobile* indexation system. The private sector employers announced this early in June, to the anger of the trade unions, which appeared to be surprised at the long predicted move.

Even though the unions have been united and even galvanised into response by the employers' move—and there are risks of a difficult winter—the chances are that an agreement on a reduced form of wage indexation will be reached. This should mean a slowing down of the inexorable rise in Italian labour costs—in many sectors the highest in Europe—to the erosion of differentials and to the increasing unresponsiveness of the economy to fiscal measures and anti-inflation policies. But the negotiations will be painful.

ENGINEERING TRADE BALANCE
(L bn)

	Imports 1980	Imports 1981	Exports 1980	Exports 1981
Machinery and equipment	6,610	7,575	11,858	15,165
Precision mechanical products	2,924	3,666	1,909	2,340
Transport equipment	7,953	9,537	7,646	9,782
of which:				
Motor vehicles	5,030	5,776	2,989	3,274
Other products	1,273	1,402	3,787	4,882
Total	18,762	22,181	25,202	32,171

THF falls by £1.9m midway

A DISAPPOINTING first quarter for hotels, catering and leisure group Trusthouse Forte has been reflected in a fall in profits for the half year to April 30 1982 from £14m to £12.1m pre-tax.

However, trading is ahead of last year and with this improved trend continuing, the group looks forward to a good second six months. The greater part of the year's profit is always produced in the second half of the THF financial year.

The net interim dividend is being maintained at 1.8p per 25p share—the previous year's total was 6p on taxable profits of £52.3m (£66m).

For the period under review the group's performance in the UK has been strong, particularly in the London luxury hotels where results are 30 per cent ahead of last year. Provincial hotels also showed an improvement.

During the first half however sales overseas were generally affected by economic conditions in the U.S.

Despite this, total group trading receipts advanced from £364.6m to £401.9m for the half year, while gross trading profits rose by £1.3m to £38.2m. Depreciation was up from £11.1m to £14.5m, with the increase attributable to the improvement and development of the group's assets, the benefits of which are beginning to show.

Commenting on the higher charge, the board says that the group has had a heavy capital development programme over the past two or three years, spending more than £100m a year. "We felt this was the right time to do it—in an economic downturn. We will be slowly turning the tap off now."

Although heavy spending will continue and the Post House hotel chain is continuing to be developed, capital spending is expected to be lower this year.

Interest charges for the six months were £0.3m higher at £11.6m. Tax took £3.1m (£3.8m) and with minorities accounting for £0.4m (£0.6m), the group's net attributable profits showed a £1m reduction to £8.6m.

The board reports that after a "very sticky" first quarter, the trend has been very good for the industry, particularly in the number of Americans coming into the U.K. From the American tourist point of view, the rise in the value of the dollar has helped by giving them an effective discount.

"If this trend continues and the economy is coming out of its downturn, things could look bright," the board concludes.

See Lex

UGI leaps to £3m

IMPROVED PRODUCTIVITY — brought about by reorganisation in the previous year—led to an 86 per cent jump in taxable profits at United Gas Industries, from £1.65m to a record £3.07m, in the year to March 30 1982.

Turnover of this gas appliance manufacturer, however, slipped from £51.7m to £46.7m, due partly to the closure of two companies in the previous year, the depressed economy and a concentration by the group on the products it makes most efficiently.

With a rise in earnings per 25p share from 5p to 13.6p, the final dividend is being increased to 4.55p (3.5p) net, making a higher total of 5.95p (4.9p).

Taxable profits were struck after depreciation of £691,000 (£664,000), interest payable of £552,000 (£611,000) and severance payments to former employees of £415,000 (£594,000).

In the previous year the latter charge was included in extraordinary items below the line; the directors say they have changed the accounting treatment because they feel severance payments have become part of the "industrial scene" and thus they regard them as a normal deduction from pre-tax profits.

During the year the group's net cash position improved by £3m, due mainly to the reduction of working capital through greater efficiency.

Looking to the year ahead the directors say the group is experiencing strong competition, more especially from overseas companies. However, they see the future with confidence, taking into account the improvement in the year under review and the better cash position.

The pre-tax profits included income from short-term deposits of £32,000 (nil) and from investments of £4,000 (£55,000).

Tax took £1m (£1.19m) and there was an extraordinary credit of £149,000 (£1.85m debit) for tax relief on 1981 closure and reorganisation provisions. This left attributable profits of £2.22m (£658,000 losses).

Preference dividends took £90,000 (same) and ordinary dividends £865,000 (£713,000) leaving a retained balance of £1.26m (£386,000 after transfer from reserves of £1.85m to cover extraordinary debits).

Overseas expansion lifts Scapa to £13.6m

THE BEST-EVER results were reported by Scapa Group for the year to March 31 1982, says the directors, with a 46 per cent rise in pre-tax profits from £9.25m to £13.59m. Sales for this maker of engineered fabrics for the paper industry, felts and other specialised industrial fabrics, moved ahead by £16.49m to £100.1m.

The directors are confident that the group will continue to progress although in the current year increases in profit will be much more difficult to achieve.

The North American subsidiaries took full advantage of opportunities in their major business sectors. Helped by the strengthening dollar, pre-tax profits rose by 81 per cent and sales by 56 per cent. Other overseas subsidiaries also produced useful increases in profits.

An analysis of sales and operating profits shows: UK £35.98m (£40.35m), £1.98m (£3.1m); North America £53.04m (£34.11m), £11.83m (£6.64m); other countries 11.09m (£9.16m), £1.65m (£1.54m).

The dividend has been raised from 6.55p net to 7.1p with an increased final of 4.1p (3.75p). Earnings per 25p share are given as rising from 16.4p to 21.1p.

At the interim stage pre-tax profits rose from £4.19m to £6.82m and the directors were confident that results for the full year would show a considerable increase.

Pre-tax profits were struck after reduced interest costs of £1.75m against £2.03m.

The UK tax charge rose from £538,000 to £910,000 and overseas from £3.63m to £5.82m.

After minorities reduced from £74,000 to £19,000 and lower extraordinary debits of £954,000 against £1.51m, attributable profits emerged higher at £5.78m compared with £3.33m.

On a current cost basis pre-tax profits were £10.48m and earnings per share came to 11.3p.

● **comment**

For the fourth year in succession Scapa has recorded falling UK profits and advances in North America. But this year the 78 per cent rise in American operating profits, with help from the mighty dollar, enabled Scapa to produce a record sales and pre-tax performance. Rationalisation has again been necessary in the UK, with about 300 redundancies and the scrapping of some obsolete products, and the company expects to arrest the decline in UK profits this year. Scapa's pleasure is tempered by apprehension about the effects of the U.S. recession, though the sterling-dollar rate has recently moved decisively in its favour. Operations in S. Africa and Australia suffered a downturn in the last quarter, but overall registered an improvement over the previous year. Capital gearing is about 40 per cent, a figure which Scapa considers "the norm." After the results the shares gained 4p to 139p, yielding 7.5 per cent on the increased dividend.

Imasco sees continuing strong growth

Imasco, the major tobacco products, fast food, retailing and food manufacturing group owned 49 per cent by BAT Industries expects to counter the recession successfully in the current year ending March 31 1983.

Paul Pare, chairman, told the annual meeting he would be disappointed if Imasco did not achieve a 20 per cent gain in per share earnings.

For the first two months of this year the pattern of strong growth in revenues and earnings set in 1982 continued.

Last year Imasco, which has 40 per cent of its assets in the U.S., earned C$119.5m (£53.35m), or C$5.56 a share, against C$89.5m on sales of C$2.19bn (C$1.4bn).

Mr Pare said the fast food, drug store and food manufacturing operations were continuing to do quite well though some retail operations were feeling the impact of the recession. Tobacco products might slow down because of tax and manufacturing cost increases.

However, Imasco is confident it will maintain its 50 per cent share of the Canadian market.

Redland down by 7% at £43.5m—UK profit held

IN LINE with the estimate of £45m given in April at the time of the offer for Cawoods, pre-tax profits of Redland totalled £43.51m for the 12 months ended March 27 1982—a 7 per cent reduction on the previous year's £46.76m. At the half-year, taxable figures were down 9 per cent at £21m.

Total sales of the group, which supplies materials and services in the construction industry, rose from £515.17m to £572.13m. However, conditions within the construction activities of the UK, West Germany and the U.S. remained depressed during the year and volume declines were experienced in all principal activities in these countries.

The 11 per cent gain in sales value overall reflected growth in Monier's activities in Australia and its acquisition of Rocla. In addition, favourable movements in exchange rates increased the sterling value of overseas sales—up 16.5 per cent to £363.83m.

As forecast, a same-again final dividend of 4.67p per share maintains the total payment at 7.34p net. Stated earnings per 25p share rose marginally from 15.93p to 16.02p, after elimination of minority interests and because of a lower average tax charge on the wholly owned operations.

With Cawoods Holdings now a subsidiary of Redland; the board reports that the new financial year for the combined group has commenced favourably in the UK, with major activities in the construction field all showing volume growth.

Overseas, however, there are no signs yet of recovery in either Germany or the U.S. while in Australia the benefits of the Rocla acquisition have still to be fully realised.

Profits from the overseas subsidiaries fell by 25 per cent to £17m. This was largely accounted for by Braas & Co. in West Germany, where a sharp fall in new housebuilding severely hit profitability in the roof tile sector. Conditions also deteriorated in the U.S. but the principal subsidiaries just managed to trade profitably.

Profits in the UK were ahead by 9 per cent to £20.71m, on sales some 13 per cent lower at £142.54m. The main trading operations held their level of profits in face of lower construction activity generally.

During the year, the English concrete pipe division was closed and the businesses of Redland Automation in both the UK and the U.S. were sold.

The group's share of associates' sales — principally overseas — climbed by 32 per cent to £165.76m. A 14 per cent rise in associates' profits to £12.46m (£10.9m) included increased profits from Monier in Australia and from operations in South Africa and the Middle East.

An increase in group finance charges from £5.66m to £6.66m resulted from the cash outflows associated with Redland's increased investment during the year in Monier and a very substantial tax payment in Germany.

Total tax was reduced from £21.55m to £19.53m. After deducting minorities of £4.53m (£3.8m) attributable profits showed a small increase from £19.44m to £19.65m. Extraordinary items took £3m (added £0.15m) and with dividends costing £9.07m (£9m), the retained surplus emerged at £7.88m, compared with £10.59m.

In current cost terms, pre-tax profits were £32.19m (£34.01m) and earnings per share were 7.41p (6.14p).

See Lex

HIGHLIGHTS

After briefly reviewing events in the financial markets Lex comments on the interim report from Trusthouse Forte. Trading profits are up but after heavy spending on the capital account and elegant investments for the Savoy, depreciation and interest charges are higher and pre-tax THF is down to £13.1m, against £14m. Prospects are looking better for the second half. The column then considers the annual report and accounts published by Courtaulds yesterday which show that the group has shaken out almost all it can from working capital and is at last getting the benefits of a strong cash flow. Redland reported a seven per cent decline in full-year profits to £43.5m yesterday. Lex comments and then reviews the position of its castings industry in the light of the figures from F. H. Lloyd.

Baker Perkins £4.57m higher

A SHARP improvement in the second six months to March 31, 1982 enabled Baker Perkins Holdings to lift its full year profits from £2.03m to £6.6m at the pre-tax level.

The group incurred a loss of £213,000 (£1.76m) in the first half but the interim report revealed that the value of orders in hand had provided a base for a significant sales increase which was expected to result in a satisfactory profit in the second half.

Full year sales of the group, a manufacturer of plant and machinery for the food, chemical and printing industries, expanded from £116.48m to £137.8m, of which the overseas companies contributed £74.99m (£55.48m). Group trading profits emerged well ahead at £8.61m (£5.16m), with £3.51m (£433,000) coming from the UK companies.

Commenting on the prospects for 1982/83 Sir Franklin Braithwaite, the chairman, says that order prospects generally are not buoyant although; because of a higher level of unexecuted orders, he is looking for an increase in sales volume.

He adds that higher sales, together with the measures taken during the past two years to improve the efficiency of the group, should enable a further improvement in profits to be achieved.

The pre-tax surplus was struck after lower redundancy and severence costs of £515,000 £1.03m) and net interest charges of £1.84m, compared with £2.29m. Included was a share of associate's profits of £337,000 (£189,000).

Tax paid jumped by £2.1m to £3.15m, leaving the net balance at £3.44m, against £979,000.

Attributable profits came though at £3.02m (£176,000) after minority deductions of £21,000 (£106,000) and extraordinary debits of £400,000 (£697,000).

Earnings per 50p share are given as 10.2p (2.6p) before extraordinary items but the dividend is being held at 5.1p net by a same again final of 3p.

Orders received during the year increased by 25 per cent in value and 7 per cent in volume, compared with the previous year. Although sales increased by 18 per cent in value and by some 2 per cent in volume, the rise was not as great as for orders.

The greater rise in the value of orders and sales, as compared with volume, arose from inflation and the sharp devaluation of sterling, particularly against the dollar, the directors explain.

Sales in continental Europe continued to grow as did sales in North America. At year end the value of unexecuted orders was £74m, an increase of £17m over a year earlier.

Analyses of sales by area and percentage of total shows: UK £28.59m (£29.38m), 19.3; rest of Europe £29.17m (£23.98m), 21.2; North America £48.17m (£29.61m) 33.5; rest of the world £35.88m (£33.52m), 26.

The UK companies achieved much improved trading profits.

The U.S. companies had another good year but the manufacturing companies in Australia, France and New Zealand earned lower trading profits.

A divisional breakdown of sales and trading profits shows: food processing and packaging machinery £94.94m (£79.47m) and £4.05m (£3.18m); chemical processing machinery £17.7m (£13.66m) and £1.59m (£1.22m); and printing and other machinery £25.16m (£23.37m) and £2.97m (£759,000).

The extraordinary charge was a provision made for moving employees, stocks and machinery from Michigan to North Carolina as part of the previously announced relocation of the food machinery division of Baker Perkins Inc.

On a CCA basis pre-tax profits were £2.81m (£2.4m loss).

● **comment**

Baker Perkins has done somewhat better than expected and appears headed towards further recovery. Severe cost-cutting in the UK has pumped up margins in the year from less than 1 per cent to over 5. In America sales have grown by more than 55 per cent; the new high-speed printing machines get most of the credit. The company's investment in computer-aided design (CAD) equipment appears to be paying off handsomely. Thanks to this hi-tech input, the company's newer products are having few teething problems and fewer after-sale foul-ups. Although borrowings are unchanged at around £13m, the balance sheet is in good order and the company is planning to loosen the purse strings a bit this year. It seems that further CAD investment is a sure bet. The costs of a major relocation in the U.S. will hamper profits growth somewhat this year, so a return to 1980's £9.8m pre-tax figure might have to wait until 1983. The shares added 9p yesterday to reach 110p, where the fully-taxed, historic p/e is 11. This seems to properly discount the company's prospects in a still chancey economic environment. The yield is 7 per cent.

US. and General Trust

The United States & General Trust Corporation has raised the net interim dividend from 4p to 5.5p net per 25p share for the year to December 31 1982.

Since the trust is expected to be unitised before the final dividend is normally paid, the board has decided to distribute most of the net income receivable in the half year to June 30 1982 and has increased the interim.

All further income received by the date of unitisation will be distributed in the form of a second interim dividend.

Tunnel on target

PROFITS BEFORE tax of Tunnel Holdings, now 98 per cent owned by Rio Tinto-Zinc Corporation, topped the forecast of £16.75m made at the time of the recommended offer by RTZ, and emerged at £16.81m for the 12 months to March 28, 1982, compared with £15.55m previously.

Turnover of the group, engaged in construction materials and services and specialised chemicals, rose from £107.27m to £148.69m and at the trading level profits came through at £12.91m, compared with £11.16m.

The pre-tax figure included a share of profits of associates, amounting to £6.3m (£4.07m), but was after net interest charges of £2.4m (£314,000 received). Tax took £4.47m (£4.75m), leaving the net balance £1.55m higher at £12.34m.

There were exchange gains this time of £34,000 (£214,000 loss) and minorities accounted £59,000 (£17,000). Extraordinary items took £286,000, after which the attributable surplus emerged at £12.03m (£10.56m).

Stated earnings per 25p share improved to 50.8p (43.8p) but no final dividend is being paid. The directors said in their interim report that in normal circumstances they would have recommended a final of not less than that paid the previous year.

RTZ acquired a 39 per cent plus stake in Tunnel when it purchased Thos W. Ward and subsequently bid for the balance in March this year.

Ansbacher falls to £0.66m

Profits after tax of Henry Ansbacher Holdings, merchant banker, fell from £809,000 to £656,000 in the year to March 31 1982, and as forecast at the time of rights issue last February, the year's dividend is being raised from 0.15p to 0.35p net per 5p share.

The directors point out that since the year end the group has been materially changed, both in size and activity, by the acquisition of Seascope Holdings, which is active in marine insurance and reinsurance broking, ship sale and purchase and tanker and dry cargo chartering.

In view of these changes, the year's results have been presented in the manner that will be followed for the bank in future years. Therefore the accounts as presented are mainly of historical interest, and the new group's performance will be more apparent at the time of the interim figures later in the year, they say.

THE TRING HALL USM INDEX
125.5 (−0.2)
Close of business 24/6/82
Tel: 01-638 1591
BASE DATE 10/11/80 100

LADBROKE INDEX
Close 551-556 (−1)

Renold holds payment at 2p

FOLLOWING BETTER results in the second half of its financial year Renold, manufacturer of power transmission products and machinery, has maintained last year's dividend with a final payment of 2p net per £1 share. The interim and the previous final were both omitted.

Mainly because of UK losses in the first six months, the group ended the year to March 28 1982 with a pre-tax deficit of £1.77m, compared with £2.95m profits previously. Of this loss, some £1.46m was incurred in the first half.

External sales for the year slipped back from £127.09m to £122.25m. At the trading level, the group made profits of £4.63m (£8.41m) but these were wiped out by higher interest charges of £6.4m (£5.47m).

The bulk of the reduction in trading profits was attributable to UK operations where losses of £348,000 (£2.84m profits) were incurred. Overseas companies' profits dropped by £0.5m to £5.27m. The result was after charging depreciation of £3.64m (£3.75m).

The board says the results for the year reflect the very low levels of demand for mechanical engineering products. This has been a factor in many economies, particularly Europe and North America, because of the widespread recession in manufacturing activity.

High interest rates have had a significant adverse influence on these market conditions and contributed both directly and indirectly to the company's reduced level of profitability.

In the UK in particular, the trading results have also been depressed by the consequences of short time working and temporary dislocation arising from the further actions taken to adjust the company's operations to lower level of demand. Improved productivity showed through in better results in the latter part of the year.

It is not expected that there will be any significant improvement in demand in 1982-83, but the actions taken should result in an improved financial performance.

Attributable losses for the year increased from £1.24m to £4.14m, after tax of £1.41m (£1.67m), minorities and preference dividends of £81,000 (£95,000) and extraordinary debits of £0.88m (£2.42m). The ordinary dividend again costs £807,000.

Stated loss per share was 8.1p, before extraordinary items, compared with earnings of 2.9p.

In current cost terms, loss per share was 20.2p (14.7p) and pre-tax losses came to £6.78m (£4.27m).

Borrowings in the UK have been reduced and while those overseas have increased in sterling terms, this is partly due to the fall in the value of sterling against other currencies, particularly the U.S. dollar.

At the year end, UK bank overdrafts and advances were down from £14.15m to 9.69m, while overseas, the figure were higher at £10.35m (£8.23m). Loans increased from £4.53m to £27.74m.

Group shareholders' funds amounted to £83.54m (£86.8m). Fixed assets totalled £5.37m (£55.09m) and net current assets were £58.8m (£57.42m).

● **comment**

Renold continues to struggle. The UK business moved into the black in the second half, but increased interest payments have stamped out the improvement. Property sales (including Renold House) have kept a lid on borrowings, but at nearly £4m against shareholders' funds of £83m, they remain a major worry. Efforts to whittle down stocks have only wrung £1.m out of the UK business, but Renold's new computerised system might provide better results this year. The company's workforce has shrunk by more than a tenth this year and further rationalisation seems likely. South Africa has helped to hold up overseas' contributions but even that economy is now off the boil so prospects for the current year look less bright. Chances for a return to pre-tax profitability this year do not look good. The shares at 39½p (par value is £1) yield nearly 7.6 per cent. Market capitalisation is £15.9m.

Whatlings improvement

Whatlings, the civil engineering and building contractor, experienced a rise in pre-tax profits to £167,000 for the half year to March 31 1982, against £131,000, though turnover was sharply reduced to £10.8m from £14.46m last time.

Interim dividend per 25p share is 1p net (nil), absorbing £40,000. Last year an interim payment of 1p was made in lieu of the final.

After tax of £17,000 (nil), net profit works out to £30,000 (£131,000), while earning per share are stated at 3.75p (.28p)

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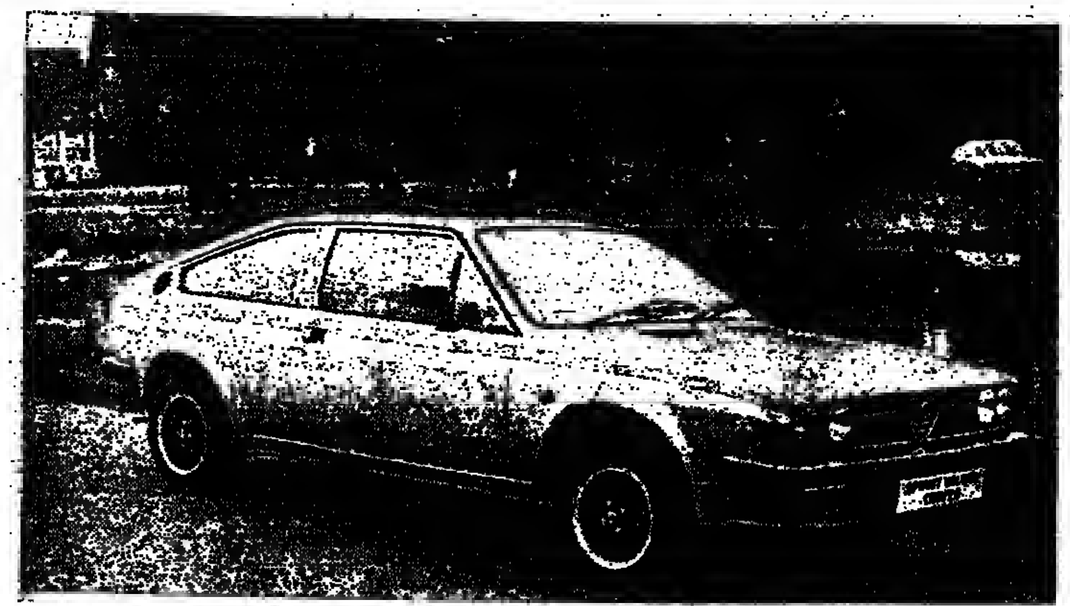
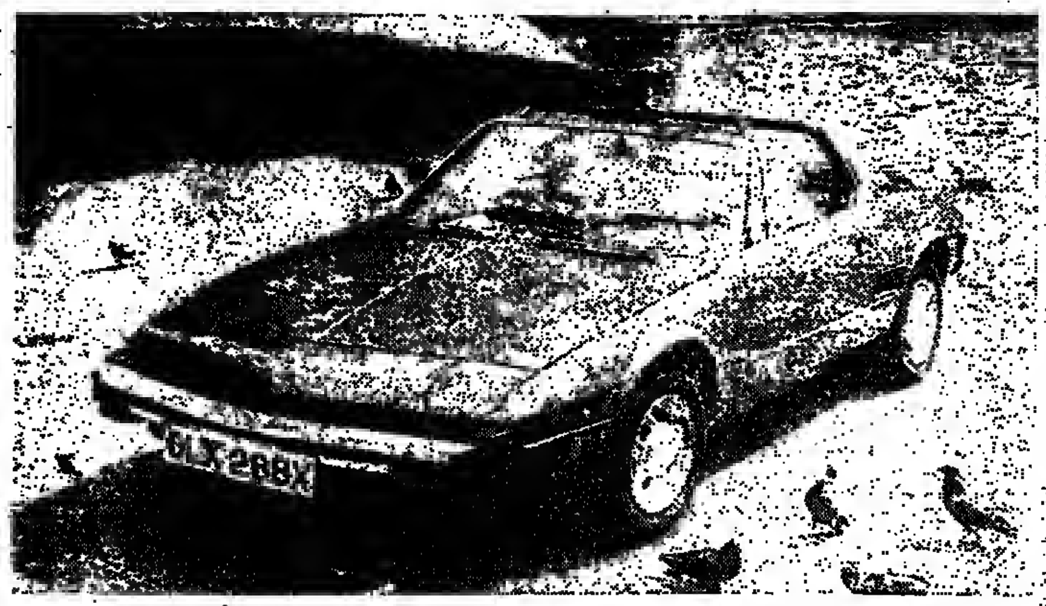




Three recent Italian products: the Alfa Romeo Sprint V eloce Trofeo; the Fiat Panda Sunroof; and the Fiat X 1-9

Manufacturers prepare for fiercer competition

Motor industry

WORDS of scant encouragement appeared at the end of the 1981 financial statement issued recently by Fiat, Italy's largest car manufacturer, which, with its subsidiaries Lancia and Autobianchi, accounts for slightly more than half of all vehicle registrations in the country.

It said: "The recovery of major European car markets seems further off than it did just a little while ago. We may therefore expect even fiercer international competition, which in turn will place still greater pressure upon us, in terms both of productivity and efficiency."

The words are as concise a summing up as one could wish of the state of the Italian motor industry, the third largest in Europe, and fifth in the world after the U.S., Japan, West Germany and France.

The unmistakeable message is that, despite the notable efforts by Fiat, and now to a lesser extent by Alfa Romeo, the publicly-owned No. 2 producer, to put their houses in order, much remains to be done if the country is to emerge from the present difficulties with a lean, efficient car sector.

Even so there is no concealing the astonishing improvement in the fortunes of Fiat in particular, over the past 24 months. In mid-1980, the group seemed poised precariously at the top of the slippery slope down which British Leyland had fallen a decade earlier.

Productivity had sagged to 20 per cent or more below the levels of its major European competitors; quality controls were poor, the model range looked inadequate, and constant strikes with the unions merged into real warfare on the streets of Turin with left-wing terrorist groups.

In the summer of 1980, the company pleaded in vain with the Bank of Italy for a lira devaluation, to help restore its competitiveness on foreign markets. The monetary authorities refused, and the Fiat counter-attack began. That autumn it pushed through plans to lay off 23,000 men for 18 months, with little attempt to hide the fact that their jobs will never, in all probability, return.

The turning point was the "march of the 40,000" through central Turin, of Fiat managers and union members demanding an end to the 35-day strike which had paralysed output from mid-September. Today the productivity gap has been made up, new models have started to appear, and a large L5,000bn ($4bn) five-year investment plan has started to yield its first dividends.

Last year Fiat claims to have been in the black on an operating basis, after losses of close on L200bn in 1980—although the results issued last month provide little clarification. The car division, Fiat Auto, on its own lost L254.5bn largely through problems in Brazil and Argentina. Steel and earth-moving equipment also contributed substantial deficits. Yet the group insists that its first ever consolidated accounts, to be released later this year, will show an overall profit, maybe of about L50bn.

This year promises to be another uphill struggle. The extraordinary buoyancy of the Italian domestic market has meant that foreign manufacturers, themselves under pressure at home, have further stepped up their efforts.

In April Fiat's share of total deliveries declined by barely 42 per cent, compared with an average of almost 45 per cent in 1981. Its hopes are pinned in good measure on the new "Tipo Uno" model to be launched early in 1983. Fiat is banking on the small-to-medium range vehicle being to the 1980s what the still fast-selling 127 was to the 1970s.

In the meantime Fiat has reported that deliveries of cars and light commercial vehicles rose 20,000 units in the first quarter of 1982 to 378,000, and once again the group is the market leader in Western Europe, with 13.5 per cent of total sales.

In comparison, Alfa Romeo has hardly begun its own recovery plan. Like a prodigal son, it has squandered the resources of the state for a decade. Target dates for break-even have been continually put back, and although final results have not yet been issued, it is certain that 1981 will have seen a deterioration from 1980 when the company, controlled by the Finmeccanica division of IRI, the state conglomerate, lost L74bn.

The weakness of foreign markets led to a 5 per cent fall in sales in volume terms last year, though by value they rose roughly 6 per cent to $1.6bn. Alfa, to an even greater extent than Fiat, has been caught in the vice of rapidly rising costs and an inability to push up prices to match. Thus far in 1982 its home market share has been running at about 7 per cent, against 6.5 per cent in 1981.

The hard times have not entirely been without benefit. The realisation that neither Fiat nor Alfa could afford the squabbling of the past helped push the two into considering joint ventures for major components, which may well take concrete shape this summer.

Fiat itself has never stopped insisting on the need for economies of scale. The most striking sign of its determination was the 1980 agreement with France's Peugeot to develop jointly a new engine, of which 1m units a year would be produced in the mid-1980s.

Alfa, of course, has embarked upon a much more controversial international collaboration venture, with Japan's Nissan to assemble 60,000 vehicles a year by 1985 (80 per cent Alfa, 20 per cent Nissan by parts) by 1985. Despite bitter opposition from Fiat, which maintained the scheme was a kind of oriental Trojan horse, the deal was approved by the Government.

On stream

The plant of the new ARNA company is under construction near Avellino in Southern Italy. When it is completely on stream, Alfa's total capacity (including its troubled Alfasud operations near Naples), will be well over 300,000 units a year, although output for 1982 is unlikely to reach 200,000 units.

Even the Government now seems to be playing its part in helping the industry, which directly and indirectly provides up to 500,000 jobs in Italy. Earlier this year a new L1,500bn fund for technological innovation was approved, and the car industry will be among the principal beneficiaries.

For motor enthusiasts inside and outside Italy the real news of 1982 is perhaps to be found elsewhere. Alejandro de Tomaso, the flamboyant Argentinian entrepreneur, is carrying out his promise to revive the flagging fortunes of Maserati, by launching this year the Modena firm's new bi-turbo model.

A direct competitor of Alfa and BMW, this high performance coupe is priced (for the time being at least) at only L20m. A Maserati therefore is now within the range of the ordinary man's pocket. Sig de Tomaso, who also runs the Innocenti firm, aims to more than triple Maserati's turnover this year to L75bn, assuming a sales target of 5,000 units is met.

Rupert Cornwell

ITALIAN MARKET SALES

	1981	%	1982 January/April	%
Domestic	1,027,452	59.07	390,831	58.08
Imports	711,830	40.93	273,380	41.02
Total market	1,739,282	100.00	664,211	100.00
DOMESTIC				
Fiat	799,984	44.85	291,414	43.87
Lancia/Autobianchi	114,096	6.56	45,780	6.89
Alfa Romeo	112,544	6.47	45,807	6.90
Innocenti	20,258	1.16	7,360	1.15
IMPORTS				
Renault	176,721	10.16	74,403	11.20
VW/Audi	114,429	6.56	44,051	6.63
Ford	92,638	5.33	34,299	5.16
Citroen	78,340	4.50	36,522	5.50
Opel/GM	60,412	3.47	15,963	2.40
Talbot/Simca	57,226	3.29	17,993	2.71

Source: Anfia.

Tractor sector stays buoyant

Farm equipment

ALTHOUGH 1981 was not e good year for all the companies involved, Italy has e thriving agricultural machinery and tractor industry and about half the tractors made in Italy are exported.

Last year the leading producer, Fiat Trattori, expanded its share of almost every European market, including the Italian. For the past three years it has had the largest single share of the whole European market.

Italy is also an important producer of combine harvesters end other implements. Further down the scale other companies, medium or small, make self-propelled cultivators and hand-driven machines for work on peasant farms and smallholdings. About 100,000 power hoes end 40,000 power mowers are produced every year and up to half of them are exported.

The country is well suited to an industry of this type. Apart from Fiat Trattori, which employs about 12,000 people, the companies are relatively small, especially those making "peasant" implements.

Another important factor is that Italy has a vast range of various types of agriculture. There are said to be one hundred large-scale, Northern European type farms in the Northern plain, with small Mediterranean-type farms in the Centre and South.

Nearly every possible crop is grown, from wheat to strawberries, though grape vines and olives are usually of primary importance.

Whether in the rich, well-organised farmlands of Emilio-Romagna or on the outskirts of Naples, there are thousands of tiny market gardens and smallholdings, often run by factory workers in their spare time, where a small motorised implement makes all the difference. All this means a diverse home market providing plenty of technical experience for exports. Tractor exports alone reached L760bn in the first 10 months of 1981.

In the tractor market, Fiat Trattori, a subsidiary of the vast Turin-based vehicles group, has had e different history from that of the big North American companies like Massey Ferguson, International Harvester and John Deere, and it is now profiting from their financial weaknesses, both in Italy and abroad.

It believes that part of its success against Massey Ferguson, the world's largest producer of tractors, is due to a big investment programme which began after the company became a separate entity within the Fiat group. It replaced its entire line of tractors, beginning in 1974, and is now highly competitive.

Another factor that has helped Fiat Trattori against the multinationals is that all its production is centred on Modena in north-east Italy and not spread across several countries. It can therefore easily adapt its production system to new models. The consequence is that both farmers and agricultural machinery dealers, perhaps discouraged by the bad publicity the North American concerns have received, have tended to switch significantly to Fiat.

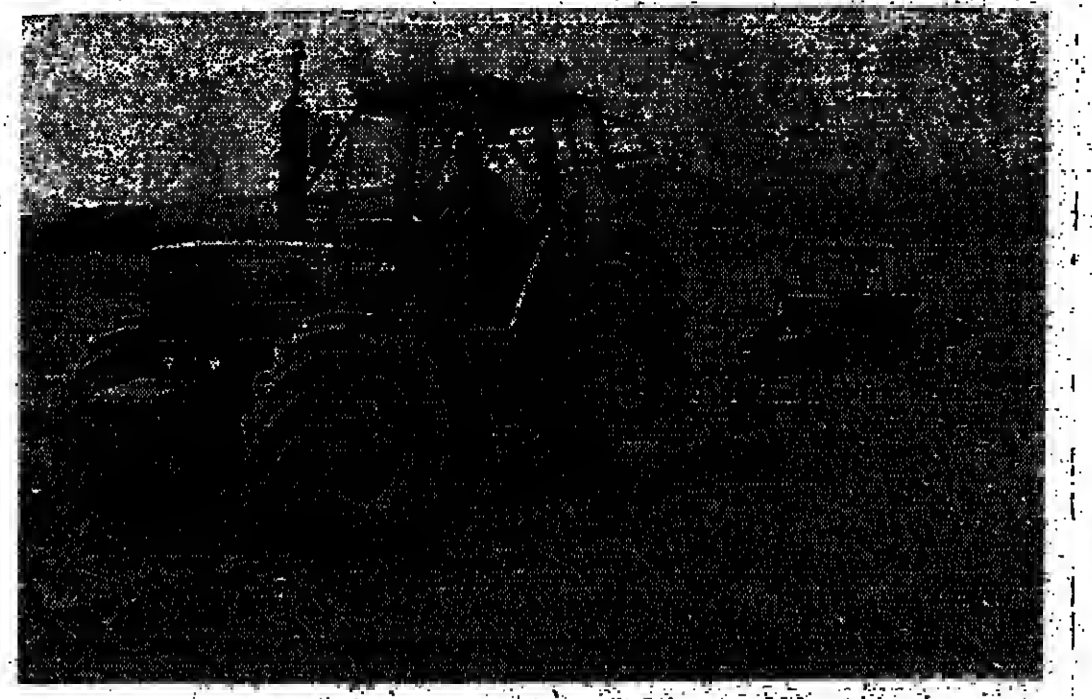
Third biggest

For example, Fiat's market in France rose last year from 12.5 to 13.6 per cent, making it the third biggest company on the market with annual sales of more than 7,000 machines.

Yet all this has been expansion in a declining market. The European tractor market fell from 365,000 units in 1976 to only 264,000 last year, but Fiet's share of this market rose from 10.9 per cent to 14.2 per cent over the same period.

With its important outlets overseas, selling complete tractors or component kits mede in Italy, Fiet succeeded last year in keeping its sales of tractors and kits in line with the 1980 figure at ebout 71,000. The company nearly trebled its profits to L15.4bn in sales of L824bn.

Even so, Fiat's largest single market is Italy itself, and its significance for the company is that even though it declined overall by about 17 per cent last year it was still the largest in Europe. Last year the company increased its share of this market, in which 55,000 tractors were sold, from 33 to 36.8 per cent.



SAME tractors at work. The company is Italy's second biggest tractor manufacturer and has 14.1 per cent of the domestic market

MAIN TRACTOR MANUFACTURERS

	No. of tractors sold 1980	No. of tractors sold 1981	Turnover (Lbn) 1980	Turnover (Lbn) 1981	Profit 1981
Fiat Trattori ...	75,935*	76,928†	710	824	15.4
SAME group ...	33,269	28,500	382	405	5.0‡

* Including 15,921 kits. † Including 24,286 kits. ‡ Approximate.

Fiat was the first Italian company to manufacture a tractor in Italy and it has successfully built up its position through a remarable arrangement with the agricultural consortia, the network of farmers' purchasing co-operatives which are closely related to the big farmers organisations. The company sells only through the consortia, which have 3,000 branches in the 8,000 municipalities in the country.

A farmer wishing to buy through the consortia has no choice but to buy e Fiat—except in the German-speaking areas of south Tirol, where the Austrian maker Steyr is also sold.

The arrangement allows Fiet to sell its tractors more competitively than it could if it had to maintain e large sales organisation of its own.

The other Italian tractor companies edmit that Fiat has a big advantage but say it just makes them try harder. "Our people start selling when the Fiat men have gone home for the day," says Sig Pietro Recanati, managing director of SAME (Italy's second-biggest tractor manufacturer).

It is based at Treviglio, near Milan, and has 14.1 per cent of the Italian market, to which should be edded the 8.2 per cent of the market held by its subsidiary, Lamborghini.

The SAME group is e privately-owned company which in 1980 claimed to be the sixth biggest manufacturer of tractors in the world. It has e long history and claims to have made the first diesel-powered tractor in the world in 1927. It also succeeded in reproducing its own hydraulic system which enabled it to avoid making the Ferguson three-point linkage under licence.

Air-cooled engines

Its engines, which it manufactures itself in a new plant at the back of its Treviglio tractor factory, are all air-cooled.

While Fiat's sales in Italy fell by 7 per cent last year, the sales of the SAME group fell by about 15 per cent. The fall was bad for SAME, which is more beavily concentrated on the Italian market than Fiat. Half its sales are abroad, against Fiat's 70 per cent.

But both SAME and Fiat claim to have profited from the difficulties in the Italian market of foreign companies such as Massey Ferguson, Ford and John Deere. Massey Ferguson sales fell 23 per cent last year, and those of its Italian subsidiary Landini by 15 per cent. Landini hed 8.4 per cent of the market last year and Massey Ferguson only 3.4 per cent.

The foreign companies blame high prices and the dollar/lira exchange rate for their difficulties last year.

Massey Ferguson's response in Italy is to concentrate more heavily on its subsidiary Landini, which has been developing a new line of tractors, and to stop making in Italy those of its own lines which are less successful. The manufacture of heavy Massey Ferguson machines has been transferred from Italy to West Germany.

But the Italian tractor makers face the same problem as other manufacturers: a declining European market showing signs of maturity and uncertain prospects elsewhere. There is, of course, the prospect of a further advance of mechanisation in the poor south of Italy.

But for the most part the attention of sales managers is turning towards the developing countries, with their under-mechanisation and allegedly high economic potential. Fiat, for example, already has important markets in Pakistan, Turkey, Nigeria and Argentina.

These new markets are fraught with economic difficulties, however. A further problem is that the type of tractor suitable for developing countries is simpler and has fewer attachments than the European model. It is no different in basic construction but has considerably less value added.

With the tractor market prospects far from encouraging—sales are down again this year—the competition is becoming fiercer. Much research is being devoted to the development of more economical engines and more efficient equipment—not forgetting the comfortable sound-proofed cabs which Northern European farm workers now expect almost as a right.

James Buxton

Waiting for state aid to reach the statute book

Shipping

ITALY'S HARD-PRESSED shipbuilding industry is anxiously watching parliament. On June 2 the Senate finally ratified a long-promised Bill to provide L48bn ($37m) in the form of soft loans to encourage the country's shipowners to enlarge their fleets in the next few years.

This measure, which clearly will be of benefit to the shipyards, is merely a starter. On the same day the Upper House began its examination of much more important legislation drawn up under the Government's plans to revive the shipbuilding sector. The measures have been in abeyance for several years, but now there are cautious hopes that, politics and a possible government crisis permitting, they could be on the statute book before the summer recess with broad backing across the political spectrum.

Thus, the industry maintains, an end would be put to the present anomalous situation whereby Italy is the only EEC country which does not give national aid to its shipbuilders.

Broadly the draft Bill gives substantial aid to the industry to enable it to lower prices it quotes for contracts by between 10 and 22 per cent, and thus put Italian shipbuilders back in a position to compete with their foreign rivals — including the Japanese who hold close to half of the world market, and their European rivals.

Until it is passed, customers clearly will hold off orders: but the National Shipowners Association believes that if the law is passed, L400bn of new orders might be placed at once, with the prospect of a further L350bn in the medium term.

Such manna cannot come too soon for the industry. Like its European counterparts, it has been ravaged by the enduriog crisis of the 1970s. Orders have dried up and employment has fallen to little more than 30,000 today. The decline would have been worse still had it not been for the device of the "Cassa Integrazione," or state-subsidised lay-off. If the public impact of the squeeze has been less in Italy, then that is only because shipbuilding here carries relatively less economic weight than, say, in Britain.

In 1980 total completed tonnage of merchant ships represented only 1.9 per cent of the world total, against 2.9 per cent for West Germany, 3.3 per cent for Britain, 13.8 per cent for the community as a whole, and 46 per cent for Japan.

None the less, the contraction in the market has forced a cut in merchant shipping construction capacity to 240,000 tonnes from 360,000 in 1974—and this, it is pointed out, in the absence of any coherent government programme or financial support.

Apart from the common difficulty of competing with Japanese and other East Asian yards, the Italian industry has specific drawbacks of its own. Persistent labour problems have not helped its reputation (although hopes are high that a 1981 agreement with the unions could see an improvement). Meanwhile, the important repairing sector suffers fierce competition from lower-cost countries closer to home, notably Yugoslavia (which has eaten into the prosperity of the major shipbuilding centre of Trieste), and Malta.

IRI-controlled

The results of the sector speaks for themselves. Fincantieri the holding company controlled by the state conglomerate IRI, and which accounts for 80 per cent of the industry, lost L232bn in the year to April 1981 compared with L119bn in the previous 12 months. The latest year may have shown a slight improvement (figures are not yet available) but the underlying position is substantially the same.

Fincantieri's overall performance marks sharp divergencies between its merchant shipping activities and the military side. In 1980, for example, its two biggest specialist subsidiaries in merchant shipbuilding, Italcantieri and Cantiere Navale Breda, lost L83bn and L75bn respectively. Cantieri Navali Riuniti (CNR), which has been given chief responsibility for the group's military side, lost a meagre L5bn. Last year, moreover, brought better news still.

CNR achieved its first profit for several years. The earnings were modest — L2bn on sales of L635bn, which make it the biggest single shipbuilding concern in the country. However, they reflect the relative boom being enjoyed by the military side. The Italian navy is undergoing a major modernisation programme, while Italy is reckoned now to be the largest single supplier of warships to countries outside Nato and the Warsaw Pact.

Its successes have been underlined by the order from Iraq for 11 vessels, including four Lupo-class frigates and six corvettes. The bulk of the total $1.5bn order will go to CNR.

The only worry now among senior Fincantieri executives is that the Falklands conflict, which has revealed an apparent vulnerability of surface warships to air-to-sea missiles, may make its products less attractive in the future. Such a trend, however, has yet to be confirmed.

The underlying anxieties of the group, and indeed of the smaller private companies outside Fincantieri, such as Nuovi Cantieri Apuani (the largest non-Fincantieri yard), remain as acute as ever. Its demands of the state, on which its future depends, make familiar reading for anyone conversant with the problems of publicly-owned industry here: help for new orders to boost capacity utilisation and financial help to reduce crippling debt servicing charges.

No one is under any illusion that the next few years will be anything but uncomfortable, but Italy's shipbuilders reckon that after the sacrifices of the past decade, they are entitled to some help at last.

Rupert Cornwell

Testing the S 6000 mini business computer at Olivetti's Scarmagno plant and (right) Sga Narisa Bellisario, managing director of Italtel, probably the most highly-placed woman in world telecommunications

Planning a new strategy for telecommunications

Electronics

ITALY IS finally acting to build a new telecommunications industry out of the ruins caused by the follies of past governments. If the new strategy works it will be a major boost to the electronics industry, which, despite having one of the most successful large companies in its field in Europe, Olivetti, is still relatively small.

The country came late to the need for an improved telecommunications system based on electronic switching and for a data transmission network with all the different "telematic" services which it entails. It has finally devised and approved a plan which at least gives it a serious chance of being an important telecommunications equipment exporter at the end of the decade. The plan entails spending L30,000bn.

The biggest telecommunications equipment maker in Italy is the state-owned concern Italtel. The other major companies are the subsidiaries of the Swedish concern Ericsson, of ITT and of the U.S. company General Telephone and Electronics (GTE), and the highly successful Fiat subsidiary Telettra, which alone accounts for half of Italy's telecommunications equipment exports.

The troubles of Italtel go back, like so many things in modern Italy, to the optimism of the economic miracle of the 1960s and the reluctance of governments to face up to the distressing realities thereafter. To fulfil the demands of the slogan "a telephone for everyone" Italtel (then called Sit-Siemens, incorporating the German concern nationalised in 1945) more than trebled its workforce from 8,000 people in 1968 to 30,000 in 1979. Neither the organisation of this labour force, put to making obsolescent electro-mechanical equipment, nor the management of the team researching electronic switching technology, were good enough.

Then from 1974 onwards the Government progressively devastated Italtel's main customer, the SIP, which runs the main telephone system, by refusing it adequate tariff increases in a highly inflationary period. The consequence was that in the two years 1979 and 1980 SIP lost about L1,000bn ($777m) and Italtel's real turnover dropped 30 per cent from 1976 to 1980.

It was only then that the Government began the long process of seeking to resuscitate the two enterprises and plan a more realistic telecommunications strategy. SIP was finally allowed to make big tariff increases — it will now be at present authorised increases until at least April 1983. It was recapitalised and obtained a new management. It is now planning to step up its investment, clear the backlog of people seeking new telephone connections and introduce new services.

It still faces serious difficulties, but those of Italtel are more daunting. It too has been recapitalised and received new management, including the appointment of Sga Narisa Bellisario, formerly of Olivetti, as managing director, and probably the most highly placed woman in world telecommunications. Its domestic market has been revived, but it faces enormous losses—some L268bn on sales of L704bn in 1981—a bloated and, in the past, fractious and even subversive labour force, and the technical and managerial problems of converting from electro-mechanical to electronic technology.

Labour force cut

In a year, however, the labour force has already been cut from 30,000 to nearly 25,000, despite the great difficulties of shedding jobs in the state sector, and the target of 21,000 for 1985 is half-way achieved. Last year output per employee jumped 46 per cent, with the help of state assisted lay-offs. Absenteeism is still high but is dropping noticeably.

The next task is to develop new products. The Iroico system of electronic exchanges, devised by Italtel, has had some technical successes and is already in operation but is considered badly in need of refinement. After much contemplation Italtel has decided on a co-operation venture with GTE to develop a new electronic exchange of the second generation. Telettra has now joined this venture and the three companies are working out how best to pool their respective talents in the new research effort.

The objective is to devise a large-scale all-electronic exchange to be in production by the middle of the decade for the Italian market, and which, with the help of GTE, can be marketed abroad (outside the North American Standard area). Italtel chose GTE rather than the other contender Ericsson believing that it would have greater, if more risky, export prospects with GTE (Italtel hopes to export a quarter of its turnover by 1990). Ericsson, however, remains represented on the Italian market.

For Telettra, whose turnover last year rose 35 per cent to L219.5bn and whose profit, though very modest, went up 57 per cent to L1.6bn, the new Proteo is a breakthrough into the domestic switching market. The company has had great successes in Italy and abroad with transmission technology, but despite demonstrating its knowledge of switching by installing an exchange at Khartoum in Sudan, it has failed to break into major overseas markets, where profits are usually meagre anyway except on large market scale. The company has the great advantage of having always been involved in electronic technology and having the sense of identity of a private sector group originally founded by one man (later taken over by Fiat).

Italtel is also to expand its presence in telematics through the manufacture of PABXs (private automatic business exchanges) and machines for teletext, videotext and other services, for which it has established a new plant near Naples. For the moment, however, the market prospects for such devices in Italy are limited by uncertainty over plans for a national data transmission network.

The telecommunications system in Italy has traditionally been divided between SIP, which comes under the ministry shareholdings (also controlling Italtel through the holding IRI-stet) and the Ministry of Posts, which has an agency named ASST which handles most long distance calls, all telex and the transmission system. The contrasts in efficiency between the revived parastatal SIP and the ministerial ASST have lately become more obvious, and politicians have increasingly accepted the need for an end to the system of divided responsibility.

However a recent new definition of the roles of ASST and SIP does little to improve matters, dividing the network for new services unrealistically into a primary and secondary one, and reserving most of the new types of services for the less dynamic ASST. Experts fear that if this definition is not changed soon a national data transmission network will be slow to get underway and private concerns will move in, semi-legally, and start providing services, not necessarily in an efficient way from the national point of view.

Olivetti is only slightly involved in telecommunications—the sector accounted for only six per cent of group sales in 1980. It sells PBXs under licence from the Canadian company Northern Teleco and is to start manufacturing them under licence. It is however developing a teletext machine. Its main strength, however, is in data processing equipment, now accounting for more than half of group sales, and office products. As the electronic revolution spreads, the two categories will become increasingly blurred. Already Olivetti's fastest selling product, the electronic typewriter, which will eventually put the electro-mechanical one out of business, bestrides the divide.

Transformation

The electronic typewriter, which Olivetti claims to have been the first to invent, was the product which led the recovery of its fortunes after the arrival Sig Carlo de Beneditti as chief executive in 1978. As Olivetti has expanded in accounting and business systems and terminal and data entry, so Sig de Benedetti has guided a transformation in the financial state of the company, which now has little debt and makes reasonable, though far from brilliant, profits.

It must, however, constantly keep ahead of, or at least up with, its competitors, and this it partly does by a policy of acquisitions of stakes in small, mainly American high technology companies. Olivetti recently joined other data processing companies in bringing out a personal computer.

Elsewhere in the electronics field large computer manufacturing is dominated by IBM, while the state-controlled companies Selenia and SGS-Ates are developing fast: the latter, the only semi-conductor maker in Italy, is to be the first non-Japanese company to manufacture Toshiba integrated circuits under licence. The electronics sector—outside Olivetti—remains, however, relatively small, partly for historical reasons: the past weaknesses of the state sector and its strategies, and the absence of a major scientific university tradition.

Another factor is the weakness of Italian manufacturers in the field of domestic appliances of electronics, such as televisions and video recorders.

James Buxton

DOMESTIC PRODUCERS
(Lira bn)

	Ownership	Sales 1980	Sales 1981	Profit/Loss 1980	Profit/Loss 1981
Italtel	IRI-Stet	503	704	Technical breakeven	−268
Telettra	Fiat	162	219.5	1	1.6

Producers plead for Government aid

Machine tools

ONE BRIGHT morning last month, a group of 50 Chinese engineers were attending a seminar in English at the smart headquarters of UCIMU, the Italian machine tool manufacturers association on the outskirts of Milan. The occasion was one of many in a six-week stay in Italy by the Chinese group, during which they were to visit some of the small manufacturing companies scattered across northern Italy.

In part the trip provides proof of the declared interest of the Chinese in stepping up their purchases of Italian investment equipment, as opposed to consumer goods. It is also in its way an eloquent tribute to the success of the machine tools sector in Italy. Since the war it has grown from nothing to become the fourth largest exporter in the world, with West Germany, Japan and Switzerland ahead.

Machine tools, indeed, have been one of the success stories of Italian industry in recent years. Its importance today depends less on price competitiveness than on the increasingly high technological content and quality of the tools it produces. The immediate outlook is badly clouded however, by the most serious difficulties the industry has faced in a decade.

One need look no further than the statistics. Last year, despite zero growth in the domestic economy and a steep decline in industrial investment, the sector managed to limit the reduction in deliveries to 3.6 per cent in constant prices, while the increase in current, inflation-eroded, lire was over 16 per cent. This year promises to be a great deal worse.

Preliminary estimates by UCIMU suggest that the inflow of new orders is down by 30 per cent, in other words that the slowdown, already experienced by major European producers like Britain and France is starting belatedly to affect Italy as well.

The worry is, according to Sig Piero Ruffini, UCIMU's managing director, that the turn for the worse — with its consequences for both employment and financing—will hit the companies at a particularly delicate moment, when they are being forced to embark on major structural changes, dictated by the switch into robotics and electronics.

This means that outside support is more important than ever and that support can hardly come from anywhere but the Government. Last month a delegation from the industry paid an urgent call on Sig Giovanni Marcora, the industry minister, in Rome.

Their goal was two-fold. Firstly, to secure the sector's inclusion among those eligible for assistance from the L1,500bn ($1.17bn) fund for technological innovation recently established by the Government. "It is absurd that we are not to benefit from the fund," said Sig Ruffini. "After all machine tools are a vital part of the new technology that the Government says it wants to promote."

Competitiveness

The second aim is to secure measures which bolster the industry, not in terms of direct aid to the manufacturers, but by stimulating purchases of new machine tools. UCIMU looks with no little envy at the decision by Britain to aid its own flagging machine tools sector, by subsidising new purchases by up to 33 per cent of their value. The industry argues that if direct competitors in the EEC enjoy such advantages nationally, then why not for it too?

The difficulties stem from the domestic Italian market, which takes 47 per cent of total output and from abroad. The habit of denominating export prices in dollars has led to a severe erosion of competitiveness as the U.S. currency has remained so strong, while major foreign markets have been weakened by political factors entirely outside the manufacturers' control.

An example is the Soviet Union which between 1979 and 1981 has dropped from being the industry's biggest single market (with 11.3 per cent of total deliveries) to fourth place last year, with 5.5 per cent. The reason lies in the sanctions and restrictions on export credits imposed on trade with Moscow after Afghanistan and Poland.

Orders have now dwindled to only small machines, which the Russians can pay for in cash. The story is the same in other important East European markets—for instance Romania. Three years ago it was the fourth biggest single customer for Italian machine tools. In 1981 it was down to 18th as Bucharest's financial difficulties have grown.

Even the most encouraging developments seem to be inviting trouble. In 1981, for example, France bought L132bn worth of Italian machine tools. "But how long can the French sit back and watch us in some cases supplant traditional domestic suppliers?" one industry expert demands. If the record of Italian wine, shoe and clothing exports to France is anything to go by the answer is: not very long.

Nonetheless, nothing is so indicative of the quality of Italian output as the fact that in 1981 the three biggest markets were in countries whose markets are among the most sophisticated: France, West Germany and the U.S., between them accounting for 33 per cent of all Italian machine tool exports.

All this has been achieved in the comparative absence of large companies. Indeed few sectors demonstrate better than machine tools the old wisdom that in Italy, small is beautiful. Total production is spread between some 400 companies (153 of them belonging to UCIMU). Their average turnover is about L5bn, and output per employee is (by Italian standards) high, at between L50m and L60m. The industry employs around 36,000 people, but a fair number of the companies have only 25 or fewer workers.

This fragmented structure, however, conceals considerable sophistication. UCIMU itself offers not only an export marketing service, but also financial assistance to member companies, through a special subsidiary, FINCIMU. All of this dovetails well with the instinctive Italian love of craftmanship, and an entrepreneurialism which flourishes naturally in the small private sector.

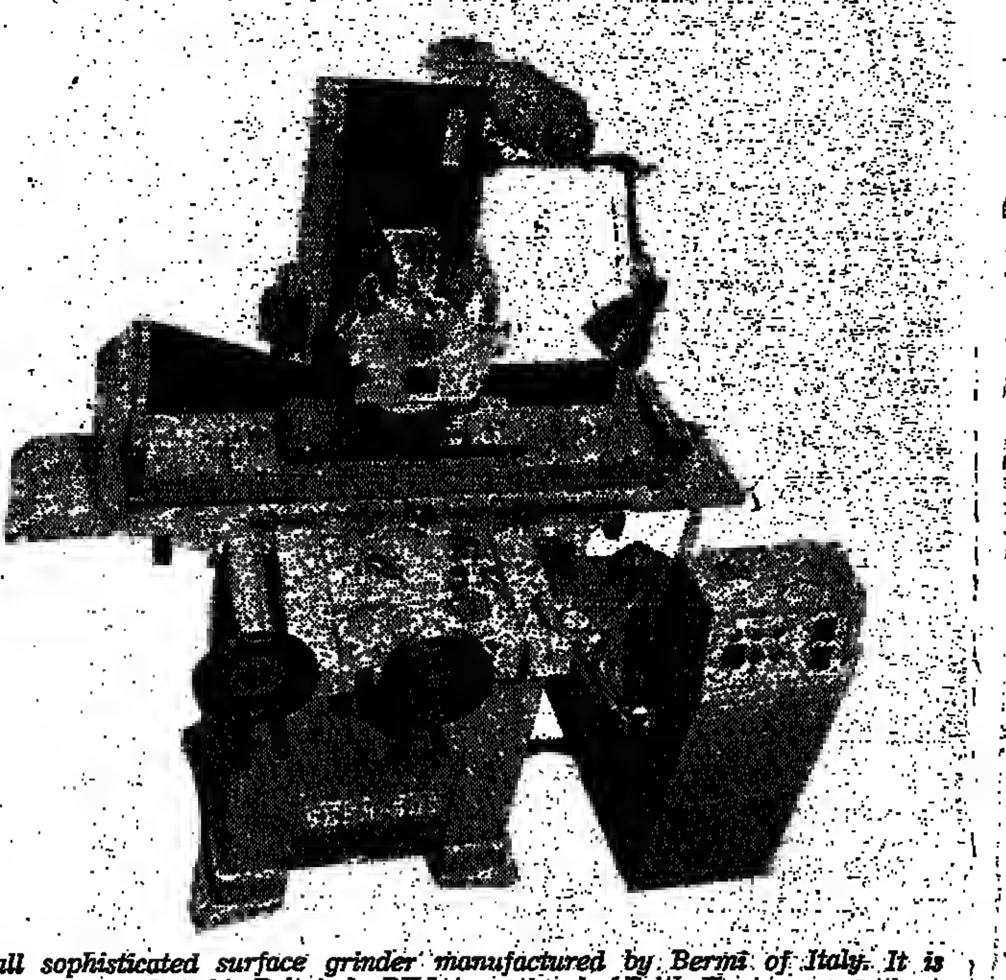
"The Japanese tend to go for big production line output," commented Sig Ruffini. "But the Italian will approach the client study his problem and then propose a solution. He can offer machines on a one-or-two-off basis. Often the owner of the company is an engineer who will design the tool himself."

The companies, moreover, are operating an increasingly sophisticated system of buying in basic parts which is cheaper for other outside suppliers to produce, and then carrying out little more than assembly work.

"In other words," says Vittorio Maglia, head of UCIMU's research department, "you have suppliers who are buying finished machine tools to make parts for other machine tools, for the people from whom they bought the original equipment." The recipe is so strange, that even the Germans have come to see how the Italians do it.

But as always in Italy, one can never be sure that improvisation and agility will continue to suffice, as interest rates stay at 25 per cent or more, and bureaucratic delays hold up official support measures. Machine tool producers may have to wait a little while before the halcyon years like 1979 and 1980 return.

Rupert Cornwell



A small sophisticated surface grinder manufactured by Bermi of Italy. It is marketed in Britain by RK International of Erith, Kent.

MACHINE TOOLS

	1981 L bn	1980 L bn	% change 1980-81 (at current prices)	% change 1980-81 (at constant prices)
Deliveries	1,720	1,480	+16.2	−3.6
Exports	904	726	+24.5	−1.2
Imports	341	305	+11.9	−8.3
Deliveries on domestic market	816	754	+8.2	−6.0
Total consumption	1,157	1,059	+9.2	−6.6

Source: UCIMU Research Department.

Large foreign orders dwindle

Construction

THE FALL in overseas construction and civil engineering orders in the first quarter of this year from L2,100bn (U.S.$1.61bn) to L1,000bn is a sobering signal. Just a couple of big orders in the next few months could, of course, make the books look much better by the end of the year. The real trouble, however, is that those big orders are now much more difficult to come by than they were in the past. International economic and political pressures are creating difficulties in almost every potential foreign market

It is no longer enough to be good at building roads or dams or railways. Nor is it enough to be nice, easy-going people who mind their own business and are prepared to work under difficult conditions. There is now an increasing number of developing countries, South Korea, Pakistan, India, Brazil, which can provide the expertise and the labour to do as good a job and probably a cheaper one than the Italians.

In addition, civil engineering contracts are now proving to be dangerously susceptible to delays or cancellation for a number of political reasons.

Overseas orders used to be the solution for Italian contractors and engineering companies hit by the sharp decline in domestic orders at the beginning of the 1970s. All the big companies, Italimpianti, Condotte d'Acqua, Italconsult, Snamprogetti, Impresit, switched their emphasis in only a few years from the Italian to foreign markets. In 1970, for instance, Snamprogetti had about 50 per cent of its order book filled with Italian contracts. By mid-decade some 90 per cent of its work came from abroad.

This meant good business while countries in the Middle East, Eastern Europe, Africa, Latin America, were splashing out on extensive public works programmes, industrial infrastructure and communication and transport systems. The trouble started when the boom among members of the Organisation of Petroleum Countries began to slacken off and a series of quite separate political events slowed the pace of development.

The first problems started with the revolution in Iran. Although Italimpianti and Condotte d'Acqua, both owned by the state conglomerate IRI, have fared slightly better than most other European companies in Iran, Condotte d'Acqut is still theoretically to continue with a port at Bandar Abbas although it faces major payment problems with the Iranian authorities, and Italimpianti believes that its 3m tonnes a year steel mill which is now under construction at Isfahan could be in production by the middle of the decade.

The outbreak of war between Iran and Iraq saw the suspension or delay of a number of projects in Iraq, a market which began to look increasingly attractive as events in Iran went from bad to worse. The loss of work there has been doubly serious for the Italians as the contracts were often used as a leverage to guarantee oil supplies.

Payment

Libya, which has traditionally been one of Italy's largest customers, is proving unreliable. It is estimated that Italian companies are owed L1,500bn for work completed and goods delivered. Talks between the two countries which were held in Rome during May appear to have ironed out some of the difficulties. Italy seems prepared to increase its oil purchases from Libya in return for immediate payment of some L800bn in back debts.

The present climate in Algeria is not very favourable either for Italian contractors. Continuing disagreement over the price of the gas to be delivered to Italy via the transMed pipeline means that other contracts have come under a cloud.

The great expectations that Italian companies had in the Chinese market have come to very little. Orders in the Soviet Union are being held up by political and financial difficulties over the new Siberian gas pipeline. The hostilities between Britain and Argentina are also endangering Italian hopes in South American markets although the country's decision to break EEC ranks and not continue sanctions against Argentina may give it the edge over rival Common Market companies in future bidding for contracts.

Given these market conditions it is ironic that Italian civil engineering companies are probably better placed now than they were five years ago to cope with full order books. Many of the difficulties over insurance and credit facilities have been ironed out thanks to administrative streamlining in Rome and more extensive coverage terms. Some of the financial and managerial problems which hit such companies as Italconsult, Italimpianti, Condotte d'Acqua in the 1970s have been solved.

Italconsult was saved from liquidation by a last-minute government decision to take the company off the hands of the privately-owned chemical group, Montedison. It has since managed to divest itself of contracts for three detergent plants in Algeria which it could not finance, has cut its staff by a quarter and managed to secure new contracts last year worth L13.6bn for design, engineering and supervision work on projects in Libya, Abu Dhabi, Oman and Ghana.

Reorganising

Italimpianti, which was created for the construction of large steel complexes along the lines of the Taranto works in Southern Italy, is also in a reorganising phase. The company still has its main work in three large steel plants, Isfahan in Iran, Tubarao in Brazil and Seixal in Portugal. It has realised that orders of this size are becoming the exception rather than the rule. It is therefore developing a number of new, highly specialised sectors.

These include engineering and design for coal terminals, slurry pipelines for the transportation of coal, desalination plants, and technologically sophisticated heating and reheating furnaces for steel mills. The company has already had orders for these furnaces from France, Germany, Canada, Sweden and most recently from U.S. Steel for its plant at Fairfield, Alabama.

Engineering for the steel industry still accounts for the bulk of Italimpianti's work but processes for the collection and distribution of coal are becoming increasingly important. Energy saving systems and environmental protection technologies are also now playing a vital role in the company's planning for the future.

Mary Venturini

CIVIL ENGINEERING AND CONSTRUCTION COMPANIES

1981 RESULTS

Company	Owner	Turnover (Lbn)	Profit (Lbn)
Impresit	Fiat	1,930	3.7
Italimpianti	IRI	921	6.3
Condotte d'Acqua†	IRI	509	Broke even

† 1980 results (1981 figures not available until June 30).

ITALIAN ENGINEERING VII

An Alitalia aeroplane at the company's Engineering and Cargo Base at Rome's Leonardo da Vinci Airport

Two largest companies battle for leadership

Aerospace

A PROFOUND transformation is under way in the Italian aerospace industry. The process is visible on at least two levels. One is the first concrete result of the Government's attempts to reorganise a previously highly fragmented sector into two broad groupings. The other is the changing role of the manufacturers from being specialists in essentially marginal, small scale, programmes, to become key participants in several of the largest multinational projects under way for both civil and military aircraft.

The Italian industry remains small compared with its long-established counterparts in Britain, France and West Germany—not to mention the U.S. The total number of employees stands at around 42,000, while overall turnover of the various companies involved reached L2,200bn (£914m) in 1981, of which as much as 60 per cent went for export. Despite the fact that these figures are only a third or a quarter of those of the major EEC industries, aerospace offers a notable example of bow Italy can prosper in a key high technology sector. Significantly, the industry is among those earmarked as beneficiaries of the L1,500bn (1.2bn) fund just launched by the Government to help research and technological innovation in advanced sectors.

But small is no longer as beautiful as before, now the cost of a project can run into hundreds of billions of lire. And, thanks to official prodding, the industry is gradually being clustered around the two largest companies, Aeritalia of the Irifinmeccanica state-owned conglomerate, and Agusta, part of EFIM, another public sector holding company. The former will concentrate on medium and larger aircraft and space operations, the latter on helicopters and light aircraft.

Withdrawal

An early pointer to the new strategy was the acquisition by Agusta of Siai-Marchetti, the light aircraft manufacturer. More important, in some respects, has been the gradual withdrawal of the Agusta family from control of the company. Last year EFIM pushed up its stake in the concern from 49 per cent to 80 per cent and there are now suggestions that the family will dispose of its remaining 20 per cent. The disengagement above all indicates that it is nn longer possible for a single private shareholder to produce the capital required tn finance developments in the aerospace field.

Agusta itself is responsible for a wide range of helicopters, both of its own design and models manufactured under licence from Bell, Sikorsky and Boeing of the U.S. It bas also set up a joint venture with Britain's Westland Helicopters to make a new machine, the EH-101 to go into service with the Italian and UK navies.

MAJOR COMPANIES

	Sales (Lire bn)	Net profits (Lire bn)	Employees
Aeritalia	528	2	13,000
Agusta	698	6.6	10,000
Aermacchi	135	5	2,800
Piaggio (Rinaldo)	56	1.5	1,400
Fiat Aviazione	207	7.4	3,800

Figures are 1981, except Piaggio (1980).

The past few weeks have brought equally far reaching developments on the other front. Aeritalia in early May announced that it had acquired a 10 per cent stake in the capital of Aermacchi, the largest privately owned manufacturer, controlled by the Foresio family, with which it already co-operates on a number of ventures. Most notable among these has been the AMX project for a battlefield support and light attack aircraft, in which Embraer of Brazil also participates.

Here again, it is being rumoured that Aeritalia could raise its stake further to some 25 per cent. Whatever happens the move is intended to symbolise the increasingly close collaboration between the two. Hitherto, Macchi bas been a successful producer above all of jet trainers, first the MB-326, of which 850 have been sold around the world and now the MB-339, being delivered to the Italian airforce.

The AMX, the first all-Italian fighter of the new generation, is partly designed to replace the ageing Fiat G-91. But a major share of Aeritalia's business, which almost doubled last year to L528bn, is generated by its participation in international ventures.

On the military side, the company assembles the wings for the Tornado, the Anglo-German-Italian multirole combat aircraft of which the Italian airforce will take 100. This is a key element in the Government's efforts to modernise the country's defence forces. Its major civilian involvement is a stake in the Boeing 767 twin-engined passenger jet. Aeritalia has already ploughed L250bn into 767 development, and it is hoping for a sales spin-off of up to $2bn from a project in which it is technically not a sub-contractor but a participant.

Its other major product is the G-222 military transport aircraft, in which Macchi, Siai-Marchetti and Piaggio all participate. The Italian airforce bas taken delivery of 44, while a further 30 have been exported, powered either by General Electric or Rolls-Royce engines.

Development

Agreement meanwhile has recently been signed with France's Aerospatiale for the production of a new super-economy short range passenger aircraft, the ATF-42. It will carry up to 50 passengers, and the two companies are boping to aell about 750. The ATR-42 will be powered by two Pratt and Whitney turboprop engines, probably built under licence by Alfa Romeo's aero engine division. For its part, Fiat's aero-engine subsidiary is a sub-contractor on the PW-2037 turbofan which will power Boeing's 757 aircraft. It is also involved with the RB-199 engine that is being fitted on the Tornado.

Two substantial problems mar the otherwise promising development of the industry. The first is the chronic sloth of the Italian public administration, meaning that payments to defence contractors can be heavily delayed. They in turn are forced to rely on bank borrowing to cover the gap and the high interest charges involved have acted as a heavy brake on earnings. Only this year did Aeritalia return to profit—a modest L2bn—after several years during which operating profits bad been more than wiped out by debt servicing charges.

The other drawback is the thinly concealed rivalry between Aeritalia and IRI on the one hand and EFIM and Agusta on the other, for overall leadership of the iodustry. Wasteful competition and duplication bas been largely, but not entirely, eradicated by the current rationalisation of the sector.

It is hard otherwise to explain why Italy should have two competitors, the MB-330 and Siais S-211, in the jet trainer stakes. Suggestions that EFIM should be wound up and its activities transferred to IRI and ENI, the state energy agency, are nnlikely tn make much headway.

Rupert Cornwell

Domestic appliance makers are having to fight to retain their hold in Europe

Demand sluggish as money runs short

White goods

SALES of colour television sets have been booming in Italy thanks to the approach of the World Cup matches which will soon be obliterating most ordinary activities. But for makers of Italian domestic appliances the news is bad.

First, Italian manufacturers are not enjoying much of the TV boom—most of the new sets bought are foreign. This is bad for Zanussi, which is the country's only substantial TV maker. Secondly, a family which buys a TV set in the spring will not have enough money to buy a new washing machine in the summer or autumn.

This also hits Zanussi, the leading Italian maker of domestic appliances, as well as its compatriot competitors.

The Italian "white goods" industry — making washing machines, refrigerators, and freezers for the home—is still dominant in Europe, accounting for roughly a third of the market for these products (with more than a fifth of the dishwashers sold). But the market is stagnant or declining, partly because of the recession and partly because it has now become mature.

Some 80 per cent of demand is for the replacement of existing machines, while the other 20 per cent is mainly for second units (for second homes, or a drinks and snacks fridge for the living room) or specialised appliances.

Whether people replace their existing machines or not depends on the economic climate. If they are short of money they can make them last another year or two—for the quality of the machines is constantly rising. In Italy the situation is more acute because of the continuing ban on new building in the main cities, while continuing inflationary pressures are perversely making families more inclined to spend more on food, drink and petrol rather than on consumer durables.

The difficulties have been worse for the smaller manufacturers. Indesit, the largest after Zanussi, is struggling to keep its foothold at the lower end of the market after the financial crash of 1980. Zanussi, which has about a seventh of the total European markets for fridges, freezers and washing machines, is the biggest producer of "white goods" in Europe, nearly equalled in size only by Siemens-Bosch and Philips.

Last year its production of domestic appliances fell slightly to 3.8m units. Zanussi has had a difficult year, so far, with 10 to 15 per cent of the labour force laid off at any one time. Its domestic appliance sales in Italy fell about 7 per cent last year, and are down 5 per cent this year.

Advantage

But apart from its size and market penetration, Zanussi has the advantage of a good, if not always well-known, name at the top of the market, where manufacturers are best placed to face East European and Far Eastern competition.

The policy the company has been following in the past two years is to capitalise on this image, and expand in the more receptive overseas markets, exploiting its reputation for quality and good service.

So it now manufactures more machines under the Zanussi name rather than selling them under other brand names or transferring them to other manufacturers. A series of advertisements has drawn attention to the company's existence and its headquarters at Pordenine in North-East Italy. Three-quarters of its sales are abroad and the company has pressed hard in the UK market, of which it now aims to get between 12 and 15 per cent.

It has also done well in Denmark and Belgium and claims to have taken some of Philips' domestic market in the Netherlands. France remains difficult, wedded to French products, while West Germany has very strong domestic manufacturers.

But Zanussi's expansion in the UK market—at the expense of other Italian and foreign competition—has not been free from accusations of dumping by hard-pressed home manufacturers such as Hoover. Zanussi firmly denies them and insists that it does not sell below cost. It attributes part of its success in Britain to the quality of its products and to the fact that it can offer five-year service agreements.

Despite advances in some European markets, Zanussi domestic appliance sales revenue there grew only about 12 per cent each year—well below the Italian inflation rate. The company also suffers from the weakness that, unlike some of its major European competitors, it is not strong in consumer electrical and electronics products.

The story of the Italian colour television industry is a sad one. Zanussi and other companies began to move into the consumer electronics business in the early 1970s but were badly affected by the Government's long delay in deciding what type of colour system to adopt.

When it finally decided on PAL, Zanussi was ready; but so were the West German and Japanese manufacturers, aided also by reputations which Zanussi (and Indesit) inevitably lacked.

Although the Italian market is still strong, at least 82 per cent of it is reckoned to be in the hands of foreign manufacturers led by Telefunken and Grundig. Zanussi has only barely 10 per cent, with the other Italian manufacturers accounting for the remaining 8 per cent.

Capacity

Zanussi now has the capacity to produce 400,000 TV sets a year—though it is currently running at only 65 per cent capacity.

Last year Zanussi began talks on a forum of co-operation agreement with Telefunken, but they were inconclusive. While the Government pondered what to do about the situation, Indesit last year tried to assemble a second group of Italian television manufacturers to match Zanussi.

This would have consisted of Indesit itself, whose three TV factories are not in production, Voxson, which is in "controlled administration" (a form of receivership), and Emerson, which has ceased making television sets.

With the Government having finally decided to allocate some L240bn to assist the sector, the question of how it should be spent became a thorny one. Finally, Sig Lamberto Mazza, the chairman of Zanussi, convinced Indesit that its idea was not viable and agreed in principle to found a joint company for TV set production.

But the issue has yet to be resolved. Zanussi argues that a TV manufacturer must produce 450,000 sets a year to be profitable. That means there can be only one Italian producer—Zanussi. Its proposal, which it has made to the Government, the unions and other manufacturers, is that it should produce all the sets for the other Italian manufacturers, which would be able to market them under their brand names.

The only companies which Zanussi believes have some chance of survival are those making specialised luxury TV sets—such as Brionvega. The implicit threat to the Government and the unions is that if no one falls in with Zanussi's plan—which would involve the death of Voxson as a producer—the L240bn would have to be spent on closing factories.

The discussion is still continuing in the desultory way that characterises the handling of many urgent issues in Italy. Meanwhile, Zanussi is planning to move into the production of video equipment (it is discussing co-operation with Japanese concerns) and the manufacture of terminals and displays for domestic rather than office use. The market for such products is some way behind those in other European countries.

The lack of a strong electrical and electronics division in the Italian domestic appliances industry, and its belated entry into other home electronics products, must be regarded as a major threat to a prosperous future. It is also a big impediment to the growth of the Italian electronic components industry.

James Buxton

Exporters bank on having technological edge

Process plant

AS OVERSEAS markets begin to look much less promising than even a couple of years ago Italian chemical and oil engineering companies are banking on increasingly sophisticated technology, energy-saving processes and a wider range of services to keep their order books full.

All the traditional markets for chemical engineering companies, the Soviet Union, North Africa, the Middle East, Nigeria, present problems of one sort or another.

Potential new markets such as China and South America are also proving more difficult to develop than anticipated. The slump in oil prices is another worrying sign. The bulk of the work on the transMed gas pipeline from Algeria to Italy has now been completed but the Siberia pipeline which was expected to provide big orders for Italian companies is still beleaguered by political and financial difficulties, although Nuovo Pignone the ENI subsidiary has a $900m contract for 19 pumping and compressor stations.

Experience

Experience gained on the transMed pipeline, especially by the subsidiaries of ENI, Italy's state hydrocarbons holding, are certain to be exported elsewhere. Saipem, which has been responsible for laying the pipeline across the Sicilian channel and the Messina Strait is at present laying a 200-mile on and off-shore line in the Danish sector of the North Sea. Another ENI-controlled company, Tecnomare, which specialises in marine engineering and technology, is responsible for the design and engineering work on a steel gravity platform for Phillips Petroleum which is about to go into production in the Maureen field in the British sector of the North Sea.

Tecnomare also has other contracts for engineering on platforms in the Gulf of Suez for the Suez Oil Company and in the Adriatic for Agip, Italy's oil company. New orders will however be affected, at least for the time being, by uncertainty over oil prices.

Heavy expenditure on large chemical plants has also levelled off. This trend has been evident in Italy since the mid-1970s but it now looks as though overseas clients are also being more cautious about ambitious projects which were planned at the end of the last decade.

Plans for the Montedison engineering arm, Tecnimont, to supply the Soviet Union with another seven chemical plants under an agreement which was signed only two years ago have run into serious political and financial difficulties. Tecnimont is now almost at the end of the current construction programme in the Soviet Union, involving some 13 plants in the last 10 years, with the completion of a 100,000 tonnes per annum polypropylene plant at Tomsk. Its work on another polypropylene plant in Nigeria is also coming to an end.

The company, which has a backlog of orders worth $166.6m is in the process of bidding for orders in Syria, Egypt and a number of Gulf States. But the easy days now look like past history.

The last big order for an Italian chemical engineering company went to Snamprogetti, the ENI subsidiary, last year for seven urea plants in India. The production of fertilisers clearly make more sense for developing countries than plastics which still have limited demand on the home market.

It is with this in mind that Tecnimont is now pinning hopes on a new process for the production of urea. This saves up to 30 per cent in energy costs, simplifies the production process and cuts down maintenance work on the plant because of a new anti-corrosion system. Simplification and energy saving are also important factors in the deployment of new Montedison processes for the production of polyolefins using third generation catalysts. Tecnimont relies partly on its parent company's own research for the new process technology but also buys it from outsiders, particularly the Americans and the Japanese.

Another Italian company employing increasingly sophisticated engineering is Technipetrol, part of the French Technip group. At present it is involved in a number of oil regeneration projects in North Africa and the development of process engineering for the production of gas from alcohol which could have widespread application in South American countries, particularly Columbia, Brazil and Venezuela.

Technipetrol's main fame in Italy came with the construction of the large 600,000 tonnes per annum ethylene cracker for Montedison at Priolo in Sicily—the last big plant of its kind built for the Italian market.

As orders in Italy become scarcer Technipetrol was forced to rely more and more on overseas markets. Recently it has signed a contract for an ammonia plant in Kuwait and a urea plant, using Snamprogetti processes in Somalia. It is also bidding for a large contract in Egypt.

Although foreign orders will continue to make up the bulk of work for Italian companies there are now signs that there could be a slight increase in work in Italy for the first time in about five years. Enoxy, the joint ENI-Occidental Petroleum Company formed last year, plans to reactivate ethylene production at plants in Sardinia, which it is buying from the old SIR chemical group, as well as some plastic and synthetic rubber production.

The plants concerned have either been shut down, have been running at minimum capacity or have not even been completed as a result of the financial disaster which hit the SIR group at the end of the 1970s. Both new construction and extensive maintenance will therefore be needed before production can resume.

Contracts may also be forthcoming on the Italian market in the field of fine chemicals, particularly pharmaceuticals, a sector in which both Montedison and ENI are interested.

Mary Venturini

OIL AND CHEMICAL COMPANIES
1981 RESULTS

Company	Owner	Turnover (L bn)	Profit
Saipem	ENI	868	30
Snamprogetti	ENI	558	8.2
Tecnimont	Montedison	66.6	Not available
Tecnomare	ENI	12.4	1.6

BUSINESS EFFICIENCY

The electronic office: who needs it?

By Alan Cane

A LITTLE over 10 years ago, an inspired group of scientists at the Xerox Corporation research centre in Palo Alto, California, began a project designed irrevocably to alter the structure of business life.

Their goal was the "electronic office," the "automated office," the "office of the future." No matter which name they used, they were laying the foundations for a new pattern of business where electronic devices substituted for the familiar typewriter, telephone, filing cabinet and postal system—even the office desk. Information would be on tap like water or electricity: paper as a communications medium would be relegated to the museum.

Their ideas were 21st-century; their possibilities for implementing them rooted in the primitive (by today's standards) microelectronics of 1971. But it was commonly agreed that they were on the right track, and the influence of the Xerox group spread widely. In France, the Kayak project at IRIA explored what the French were starting to call *bureautique*. In the UK, a group of academics at London University led by Professor George Coulouris covertly produced a report, *The Potential for Integrated Office Information Systems*, which warned that the potential market for automated office systems was enormous: "The UK must actively take a share of this market to remain a world leader in computer systems."

The report had been discreetly funded by the National Enterprise Board (now part of the British Technology Group). It was used to support the creation and funding of the ill-fated office equipment company, Nexos, which failed last year.

Xerox did not have the stage to itself. By the late 1970s, advanced research work was in progress at IBM, Bell Laboratories, Massachusetts Institute of Technology, Bolt, Beranek and Newman, one of the innovators in electronic mail, and at a number of other highly ranked centres.

Companies started bringing their interpretation of the "electronic office" to the market at the beginning of this decade. By now, the list of suppliers stretches to the horizon and includes every major computer, electronics equipment and office equipment company. In the U.S., it includes IBM, Xerox and Northern Telecom; in the UK, GEC and Plessey.

They have all invested many millions of research and development dollars in the belief that the market for electronic office systems is enormous — figures from the consultancy Dataquest suggest spending on advanced office equipment could rise from about $4.5bn in 1981 to $18bn in 1986 (the actual figures don't matter much, the general drift is the same no matter how you do the sums).

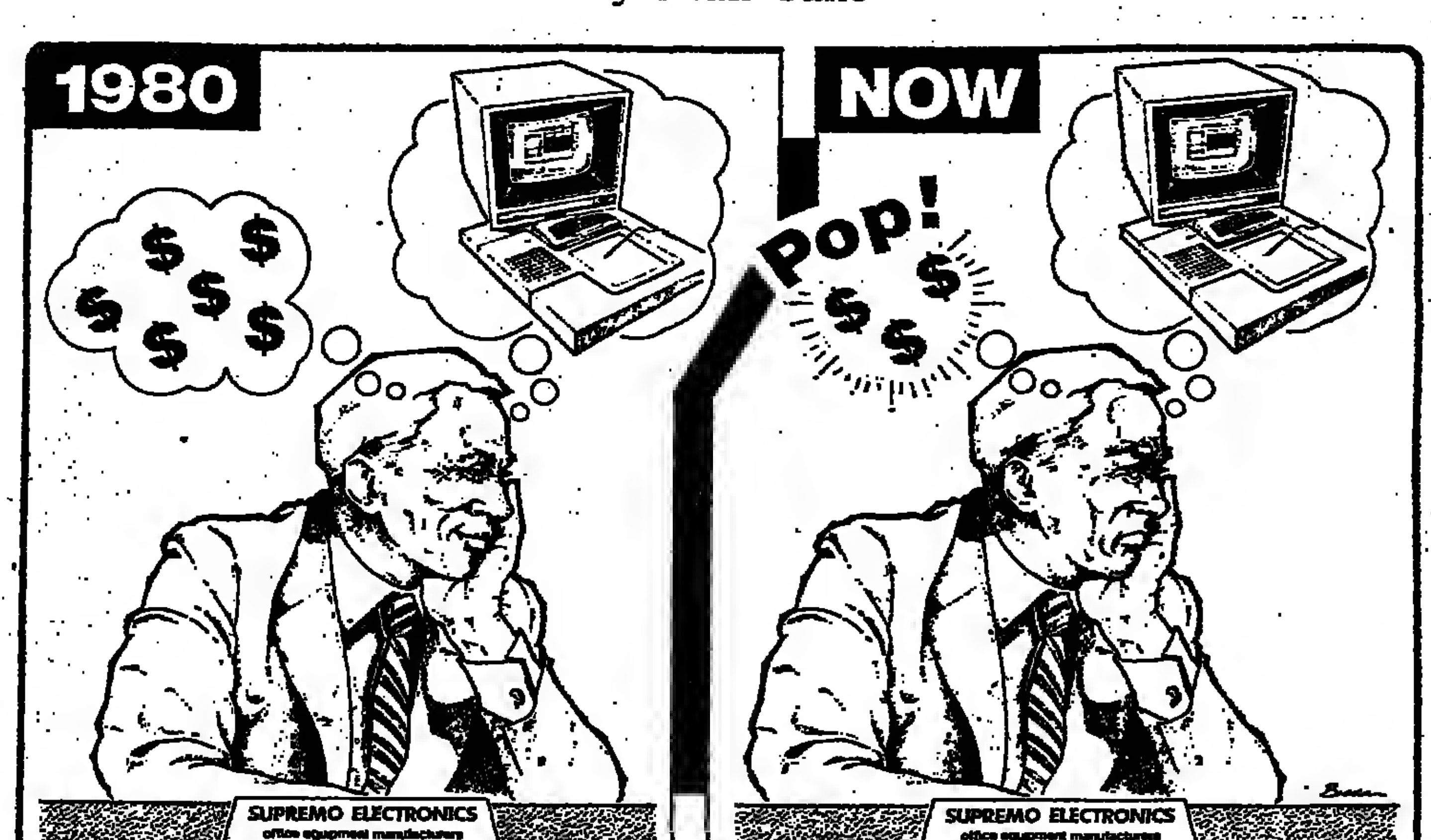
But what all these companies are now realising with varying degrees of alarm and despondency is that it remains only a potential market. There is no sign that customers are anxious to exchange their traditional office furniture for the electronic equivalents. They just do not, as one senior consultant pointed out, see the need.

The reasons for this are wide-ranging. Cost is certainly a principal consideration and so is confidence in the ability of the supplier to provide equipment that fits in with the needs of the organisation. Mr Roger Johnson, president of the Burroughs Office Systems Group, accepts that point: "We have the technology, but we do not know how to package it to best effect. These days we bring our design department to work with key customers in an attempt to solve these problems."

Human factors are probably the major hurdle. Mr Paul Strassman, vice-president of the Information Products Group at Xerox and one of the most respected prophets of the electronic office revolution, said wearily earlier this year at the end of a long session on the merits of competing technologies: "I wish that people would start to talk about the real issues."

In predicting the physical characteristics of the electronic office, it is easy to slip into a fantasy world pinned to reality only by the fact that the technology to make it happen actually exists.

In the U.S., for example, there is a file search system called "Dataworld;" the executive sits in a wired armchair in front of a vast screen. Images of the individual files stacked to infinity are shown on the screen and the executive can "fly" through the stack, dipping into this file or that at will.



However, what most suppliers are offering today is a little more down-to-earth. Most provide, as the basic unit of office life, the multi-function work station, a computer terminal in the form of screen and keyboard which can be used for word processing, data processing, drawing diagrams and sending messages. The most advanced incorporate a telephone handset which can be used to annotate written text with voice messages and for conventional telephone messages.

A way has to be found to store huge amounts of text — this usually takes the form of the magnetic discs used to store computer data — and a way of retrieving stored information quickly. Easier said than done. A few suppliers — Datapoint and Burroughs, for example — have sophisticated systems for retrieval but are not prepared to say how they work.

There have to be printers to provide hard copies of material on the screen, facsimile machines to transfer copies quickly from one office to another and a way of linking all the pieces of gadgetry together so that information can be moved quickly and securely from one to another.

Bitter arguments are already raging between suppliers over whether it is better to base an office system on special computers (the computer manufacturers) or on a new kind of office telephone exchange (the telecommunications suppliers).

Nor has it been generally agreed whether it is better to connect work stations together, using a system that transmits only bursts of computer data, or one which can send television pictures at the same time as data.

There are arguments over whether it is best to incorporate voice communication with data communication or to leave the two networks functionally separate. Suppliers and customers disagree over the extent to which electronics should take over in the office. "We do not expect to see newspapers replaced by electronic news retrieval," says Mr Bob Ryan, founder and president of Dialcom, the U.S. company running British Telecom's "Gold" electronic mail service.

"We have only two typewriters in the place, and we are trying to get rid of them," says Mr Colin Crook, managing director of Zynar, an electronic office company which communicates with its sister company, Nestar, in California, using electronic mail.

Meanwhile, the head of one of North America's biggest banks has an office bare of both desk and paper, owning up only to armchairs and a coffee table that converts into a computer terminal.

One of his chief aides grimaces: "I have to have a desk; I've got to have something to put my feet on when I'm talking on the telephone."

No wonder the prospective customer is confused. Mr David Butler, chairman of Butler Cox, a UK consultancy specialising in office automation, says: "The electronic office market is growing much more slowly than expected and more slowly than it should. There is a clear lack of perception on the part of the customer of the need and of the potential. Companies are obsessed with engineering productivity—but not with management productivity."

Financial pressures during the recession are thought to be concentrating the minds of some companies wonderfully. One senior systems chief tells the story of submitting report after report on office productivity. These gathered dust on the shelves until the arrival of a new chief executive. The new boss warned that unless operating expenses could be cut by £100m a year, liquidation was on the cards. Within days, requests were flooding into the systems department for help in cutting office costs.

The fact remains that electronic office equipment is still very expensive by comparison with traditional machinery and the cost benefits are by no means obvious. Most companies start with a word processor, an electronic replacement for the typewriter, but far short of the glamorous multi-function work station.

Such machines start at around £3,500; a price tag of £7,000 a station is more usual. The office will need a printer on top of that but one printer can be shared among several word processors.

The most sophisticated multi-function work station available today is probably the "Star" manufactured by Xerox and modelled on its "Alto" prototype which came out of the seminal Palo Alto research programme. That costs over $16,000. Compared with the £1,000 or so for a good electric typewriter, most office managers have difficulty justifying a word processor.

Mr John Leighfield, head of British Leyland Systems, is in a peculiarly powerful position to judge the state of the office products market.

His company is both a heavy user of office automation and a supplier of office automation products—it markets the U.S. "Comet" electronic mail system.

He says: "Easily usable products are not really here yet. Word processors are being installed but they are of limited impact. There is a lot of cynicism and ignorance about the true effectiveness of this technology at the managerial level."

Mr Gerald Cullen, vice-president, market planning for Datapoint, which was in the vanguard of the drive to put a terminal on every manager's desk says: "Every screen and keyboard should be able to do *everything*," but most managers remain unwilling to do *anything* with a terminal. They are afraid of showing ignorance, of demeaning themselves working at a keyboard ("A pencil is a professional tool, a keyboard a secretarial tool") afraid of the planning and reorganisation needed to implement office automation.

Some organisations, however, are advanced in the office. They are the ones which were the first to embrace computerisation, which have well-marshalled office routines and which appreciate the need for fast, secure communication. Among them are banks, holiday tour operators and insurance companies.

All these organisations have taken an incremental approach. U.S. banks like Chase Manhattan and Continental Bank of Chicago have put together word processing and electronic mail systems from off-the-shelf components.

Chase, for example, uses a network of Datapoint minicomputers for word processing, talking to the telex system, filing, sending messages throughout the organisation and updating executive diaries.

Continental Bank gets similar performance from cheap terminals and leased communication lines to its Chicago computer centre. Some of its secretaries work at home, using a portable terminal and the telephone.

So there is progress, but it is slow, low key and driven by necessity rather than technology. Office managers will move to electronic typewriters before going to word processors. Word processors will come before work stations.

Most significant of all, IBM the giant of the data processing world, has refused to take a lead in the electronic office. It has announced some simple products so far but all it will say is that setting up an electronic office is more difficult than it seems.

It is not clear whether its silence is because of a genuine uncertainty over the way the market is going (IBM has made mistakes before) or because it is developing advanced products quietly while waiting for the psychologically and economically right moment to launch them.

It is known to be working on very advanced techniques of presenting information stored on computers to executives to help them in their business decisions.

Mr Leighfield believes that if office equipment manufacturers practised what they preached and turned their own companies into working demonstrations, that would go a long way to overcoming customers' cynicism. Even IBM has not taken that step into the future, or at least it has not told the world about it.

Letters to the Editor

Differences between two fixed cross-channel links

From the Deputy General Manager, Dover Harbour Board

Sir,—The recent exchange in your columns between Messrs. Gueterbock and Croves highlights the enormous differences between two of the fixed cross-Channel links on offer. Were Mr Williams of British Rail to join the correspondence, the full range of projects would become clear. One concludes that it is simplistic to regard the issue as merely one of link or no link.

In the EuroRoute survey of French public opinion mentioned by Mr Croves, 56 per cent of respondents apparently favoured such a link. Can it then be said that a fixed link is justified? Even ignoring the vague wording of the question (which may have suffered in translation), there are a number of flaws in this argument.

Any link will cost money and the question is not whether anyone would be in favour of "a link" but whether, as a passenger or taxpayer, he or she would wish to pay for one. The product would not be "a link" but a EuroRoute bridge, BR tunnel or some other option. How many of those who are in favour of a bridge would also favour a small-bore tunnel? Conversely, there are, I suspect, many environmentalists who support a small-bore tunnel in the hope that it would remove lorries from the roads. It cannot be assumed that such people would support EuroRoute.

On Mr Groves' figures, a reasonable guess would seem to be that just over half the French population want "a link," and just over half of these favour EuroRoute. Thus even before they are confronted with the financial consequences, only about a quarter of the population might be expected to support Mr Groves and even less to support Mr Gueterbock. There may, of course, be some transferred votes if one scheme was eliminated, but it seems unlikely that any scheme could beat the combined "anti," "don't know" and "unconcerned" votes. This is hardly a great recommendation.

I cannot comment on the engineering problems which would confront Mr Groves or Mr Gueterbock if either scheme were to be accepted, but can only echo the comment of the former that ". . . any cross-Channel link will bring engineering problems" and add that both the timetable and the costs would be subject to extension in all cases.

Regarding finance, it is extremely unlikely that any scheme of this magnitude can be financed without the support of some ". . . organisation of impeccable credit," in the words of Sir Alec Cairncross. Whether that organisation is British Rail, the British or French Government or the EEC, the principle and the practical consequences are much the same. The link would not be a private venture.

The assumption has been made by both correspondents that ferries could survive alongside a tunnel but not a bridge. Following the work carried out for the Channel Tunnel Study working party report, I can confidently claim that ferries, albeit in a streamlined form, can compete with any fixed link which bears the full cost of genuinely private finance, whether bridge or tunnel. The bigger they are, the harder they fall!

J. F. Sloggett,
Harbour House, Dover, Kent.

Recruitment consultancy

From Mr T. Irwin

Sir,—In the jobs Column (June 17) Michael Dixon reported on several aspects of recruitment consultancy which he appears to believe are important and controversial. I would like to comment on some of his points.

Generally speaking, clients are neither more nor less responsible than consultants and the ethics adopted by both parties tend to equate. If a consultancy is "retained" it should normally seek exclusivity to ensure that it is solely responsible for selection of the best candidates from whatever source. This is generally to the overall benefit of the client. The responsible client will then advise "contingency operators" (whoever dreamed up this phrase?) who approach them that they have an exclusive arrangement and do not wish to receive additional candidate details. If a consultancy is "retained" on a non-exclusive basis it thereby accepts the risk of the successful candidate being found by the client via other sources, eg the register facilities maintained by some consultancies.

Rather than letting this "get up their noses" (Mr Dixon's phrase) I suggest that such consultants should take a short course on how to draft agreements and contracts. Consultants who work solely on a "retained" basis should also consider that companies can have a justifiable case for requesting payment by results.

Mr Dixon also feels that search consultants should subscribe to a self-regulatory code and possibly form a national association. At the risk of provoking an outcry, it is my experience that such actions are generally taken to protect the interests of the members of such associations, not the interests of their customers. If innocent parties can easily be seriously damaged by unregulated activities it is far better for Government to legislate on such matters than to allow self-regulation. This is precisely what occurred in the passage of the Employment Agencies Act 1973 and subsequent legislation. Substantial protection was afforded the individual by the licensing and regulation system so introduced and many nasty practices were stamped out.

We are therefore left with the question of whether companies need to be protected against recruitment consultants and I cannot take this as a serious topic for discussion. A company is free to use the consultant of its choice. Any consultant who acts against the interests of his client quickly runs out of clients. Has anyone surveyed the demand from companies for closer regulation of recruitment consultants?

Mr Dixon also comments on the increase in UK search activity leading major employers to protest as key staff are "lured" elsewhere. Due to this growth in search activities (presumably in response to demand), more executives today are able to make a better choice about how to progress their careers than was previously possible. I would not take such a protest too seriously. Would the protestors also propose a ban on the use of advertising as a tool to "lure" staff away?

Rather than headline a "Kill or Cure Problem" I would seriously question whether any real problem exists at all. An attendance at the London meeting of less than 50 people out of "at least 400 recruitment consultancies" (totalling how many consultants?) suggests to me that the "problems" are in the minds of a very limited number of consultants.

T. Irwin,
Irwin Associates,
40 Stonehills,
Welwyn Garden City, Herts.

Not the perfect answer

From the Chairman, City Capital Markets Committee.

Sir,—The correspondence you have published has revealed many powerful arguments both for and against SSAP 16 (current cost accounting). On a technical as well as a practical level it has been enthralling. I do not, however, write to contribute to that debate; but simply to underline a point made by (inter alios) Professor Stamp (June 15), Mr Priestly (June 16) and Mr Heady (June 22).

The City Capital Markets Committee has amongst its members but one practising accountant, a member of the Institute of Chartered Accountants of England and Wales. All the other members are concerned with businesses which use company accounts: banking (both clearing and merchant banks); insurance, unit trust, pension fund and investment trust management; stockbroking and stock jobbing, and the law. In other words, all the disciplines which have to do with the raising and investing of capital.

We feel that members of the Institute should vote against the resolution calling for the withdrawal of SSAP 16, which is to be considered on July 29.

Inflation may be going down, but it has not disappeared. Nor, if it does disappear, will it do so forever. It is of great importance to know how to account for it. Otherwise we shall, as a nation, continue to delude ourselves as happened until the destructive effects of inflation came to be widely recognised.

SSAP 16 is not the perfect answer. Most people recognise that. The best solution can, however, only be found after experiment and experience.

This is why it was a good idea to introduce SSAP 16 in 1980 on the basis of a three-year trial period. Over 80 per cent of listed companies' accounts now contain CCA statements. The standard does not apply to most unlisted companies. We are thus in the process of learning its merits and its drawbacks, at relatively low cost.

The experiment should be allowed to run its course. We think it would be an important and serious error to withdraw SSAP 16 now. To do so would waste a unique opportunity to gain much needed experience.

Martin W. Jacomb.
20 Fenchurch Street, EC3.

THF falls by £1.9m midway

A DISAPPOINTING first quarter for hotels, catering and leisure group, Trusthouse Forte has been reflected in a fall in profits for the half year to April 30 1982 from £14m to £12.1m pre-tax.

However, trading is ahead of last year and with this improved trend continuing, the group looks forward to a good second six months. The greater part of the year's profit is always produced in the second half of the THF financial year.

The net interim dividend is being maintained at 1.8p per 25p share—the previous year's total was 6p on taxable profits of £52.3m (£66m).

For the period under review the group's performance in the UK has been strong, particularly in the London luxury hotels where results are 30 per cent ahead of last year. Provincial hotels also showed an improvement.

During the first half however sales overseas were generally affected by economic conditions in the U.S.

Despite this, total group trading receipts advanced from £364.6m to £401.9m for the half year, while gross trading profits rose by £1.3m to £38.2m. Depreciation was up from £11.1m to £14.5m, with the increase attributable to the improvement and development of the group's assets, the benefits of which are beginning to show.

Commenting on the higher charge, the board says that the group has had a heavy capital development programme over the past two or three years, spending more than £100m a year. "We felt this was the right time to do it—in an economic downturn. We will be slowly turning the tap off now."

Although heavy spending will continue and the Post House hotel chain is continuing to be developed, capital spending is expected to be lower this year.

Interest charges for the six months were £0.3m higher at £11.6m. Tax took £3.1m (£3.8m) and with minorities accounting for £0.4m (£0.6m), the group's net attributable profits showed a £1m reduction to £8.6m.

The board reports that after a "very sticky" first quarter, the trend has been very good for the industry, particularly in the number of Americans coming into the U.K. From the American tourist point of view, the rise in the value of the dollar has helped by giving them an effective discount.

"If this trend continues and the economy is coming out of its downturn, things could look bright," the board concludes.

See Lex

UGI leaps to £3m

IMPROVED PRODUCTIVITY — brought about by reorganisation in the previous year—led to an 86 per cent jump in taxable profits at United Gas Industries, from £1.65m to a record £3.07m, in the year to March 30 1982.

Turnover of this gas appliance manufacturer, however, slipped from £51.7m to £46.7m, due partly to the closure of two companies in the previous year, the depressed economy and a concentration by the group on the products it makes most efficiently.

With a rise in earnings per 25p share from 5p to 13.6p, the final dividend is being increased to 4.55p (3.5p) net, making a higher total of 5.95p (4.9p).

Taxable profits were struck after depreciation of £691,000 (£664,000), interest payable of £532,000 (£811,000) and severance payments to former employees of £15,000 (£594,000).

In the previous year the latter charge was included in extraordinary items below the line; the directors say they have changed the accounting treatment because they feel severance payments have become part of the "industrial scene" and thus they regard them as a normal deduction from pre-tax profits.

During the year the group's net cash position improved by £3m, due mainly to the reduction of working capital through greater efficiency.

Looking to the year ahead the directors say the group is experiencing strong competition, more especially from overseas companies. However, they see the future with confidence, taking into account the improvement in the year under review and the better cash position.

The pre-tax profits included income from short-term deposits of £32,000 (nil) and from investments of £4,000 (£55,000).

Tax took £1m (£1.19m) and there was an extraordinary credit of £149,000 (£1.85m debit) for tax relief on 1981 closure and reorganisation provisions. This left attributable profits of £2.22m (£658,000 losses).

Preference dividends took £90,000 (same) and ordinary dividends £865,000 (£713,000) leaving a retained balance of £1.26m (£386,000 after transfer from reserves of £1.85m to cover extraordinary debits).

Overseas expansion lifts Scapa to £13.6m

THE BEST-EVER results were reported by Scapa Group for the year to March 31 1982, says the directors, with a 46 per cent rise in pre-tax profits from £9.25m to £13.59m. Sales for this maker of engineered fabrics for the paper industry, felts and other specialised industrial fabrics, moved ahead by £16.49m to £100.1m.

The directors are confident that the group will continue to progress although in the current year increases in profit will be much more difficult to achieve.

The North American subsidiaries took full advantage of opportunities in their major business sectors. Helped by the strengthening dollar, pre-tax profits rose by 81 per cent and sales by 56 per cent. Other overseas subsidiaries also produced useful increases in profits.

An analysis of sales and operating profits shows: UK £35.98m (£40.35m), £1.98m (£3.1m); North America £53.04m (£34.11m), £11.83m (£6.64m); other countries 11.08m (£9.16m), £1.65m (£1.54m).

The dividend has been raised from 6.55p net to 7.1p with an increased final of 4.1p (3.75p). Earnings per 25p share are given as rising from 16.4p to 21.1p.

At the interim stage pre-tax profits rose from £4.19m to £6.82m and the directors were confident that results for the full year would show a considerable increase.

Pre-tax profits were struck after reduced interest costs of £1.75m against £2.03m.

The UK tax charge rose from £538,000 to £910,000 and overseas from £3.63m to £5.82m.

After minorities reduced from £74,000 to £19,000 and lower extraordinary debits of £954,000 against £1.51m, attributable profits emerged higher at £5.78m compared with £3.23m.

On a current cost basis pre-tax profits were £10.48m and earnings per share came to 11.3p.

● **comment**

For the fourth year in succession Scapa has recorded falling UK profits and advances in North America. But this year the 78 per cent rise in American operating profits, with help from the mighty dollar, enabled Scapa to produce a record sales and pre-tax performance. Rationalisation has again been necessary in the UK, with about 300 redundancies and the scrapping of some obsolescent products, and the company expects to arrest the decline in UK profits this year. Scapa's pleasure is tempered by apprehension about the effects of the U.S. recession, though the sterling-dollar rate has recently moved decisively in its favour. Operations in S. Africa and Australia suffered a downturn in the last quarter, but overall registered an improvement over the previous year. Capital gearing is about 40 per cent, a figure which Scapa considers "the norm." After the results the shares gained 4p to 139p, yielding 7.5 per cent on the increased dividend.

Redland down by 7% at £43.5m—UK profit held

IN LINE with the estimate of £43m given in April at the time of the offer for Cawoods, pre-tax profits of Redland totalled £43.51m for the 12 months ended March 27 1982—a 7 per cent reduction on the previous year's £46.76m. At the half-year, taxable figures were down 9 per cent at £21m.

Total sales of the group, which supplies materials and services in the construction industry, rose from £515.17m to £572.13m. However, conditions within the construction industries of the UK, West Germany and the U.S. remained depressed during the year and volume declines were experienced in all principal activities in these countries.

The 11 per cent gain in sales value overall reflected growth in Monier's activities in Australia and its acquisition of Rocla. In addition, favourable movements in exchange rates increased the sterling value of overseas sales—up 16.5 per cent to £263.83m.

As forecast, a same-again final dividend of 4.67p per share maintains the total payment at 7.34p net. Stated earnings per 25p share rose marginally from 15.93p to 16.02p, after elimination of minority interests and because of a lower average tax charge on the wholly owned operations.

With Cawoods Holdings now a subsidiary of Redland, the board reports that the new financial year for the combined group has commenced favourably in the UK, with major activities in the construction field all showing volume growth.

Overseas, however, there are no signs yet of recovery in either Germany or the U.S. while in Australia the benefits of the Rocla acquisition have still to be fully realised.

Profits from the overseas subsidiaries fell by 25 per cent to £17m. This was largely accounted for by Braas & Co. in West Germany, where a sharp fall in new housebuilding severely hit profitability in the roof tile sector. Conditions also deteriorated in the U.S. but the principal subsidiaries just managed to trade profitably.

Profits in the UK were ahead by 9 per cent to £20.71m, on sales some 13 per cent lower at £142.54m. The main trading operations held their level of profits in face of lower construction activity generally.

During the year, the English concrete pipe division was closed and the businesses of Redland Automation in both the UK and the U.S. were sold.

The group's share of associates' sales — principally overseas — climbed by 32 per cent to £165.76m. A 14 per cent rise in associates' profits to £12.46m (£10.9m) included increased profits from Monier in Australia and from operations in South Africa and the Middle East.

An increase in group finance charges from £5.68m to £6.66m resulted from the cash outflows associated with Redland's increased investment during the year in Monier and a very substantial tax payment in Germany.

Total tax was reduced from £21.52m to £19.33m. After deducting minorities of £4.53m (£5.8m) attributable profits showed a small increase from £19.44m to £19.65m. Extraordinary items took £3m (added £0.15m) and with dividends costing £9.07m (£9m), the retained surplus emerged at £7.58m, compared with £10.59m.

In current cost terms, pre-tax profits were £32.19m (£34.01m) and earnings per share were 7.41p (6.14p).

See Lex

HIGHLIGHTS

After briefly reviewing events in the financial markets Lex comments on the interim report from Trusthouse Forte. Trading profits are up but after heavy spending on the capital account and elegant investments for the Savoy, depreciation and interest charges are higher and pre-tax THF is down to £13.1m, against £14m. Prospects are looking better for the second half. The column then considers the annual report and accounts published by Courtaulds yesterday which show that the group has shaken out almost all it can from working capital and is at last getting the benefits of a strong cash flow. Redland reported a seven per cent decline in full-year profits to £43.5m yesterday. Lex comments and then reviews the position of the castings industry in the light of the figures from F. H. Lloyd.

Baker Perkins £4.57m higher

A SHARP improvement in the second six months to March 31, 1982 enabled Baker Perkins Holdings to lift its full year profits from £2.03m to £6.6m at the pre-tax level.

The group incurred a loss of £313,000 (£1.76m) in the first half but the interim report revealed that the value of orders in hand had provided a base for a significant sales increase which was expected to result in a satisfactory profit in the second half.

Full year sales of the group, a manufacturer of plant and machinery for the food, chemical and printing industries, expanded from £116.49m to £137.8m, of which the overseas companies contributed £74.99m (£65.48m). Group trading profits emerged well ahead at £8.61m (£5.16m), with £3.51m (£433,000) coming from the UK companies.

Commenting on the prospects for 1982/83 Sir Franklin Braithwaite, the chairman, says that order prospects generally are not buoyant although, because of a higher level of unexecuted orders, he is looking for an increase in sales volume.

He adds that higher sales, together with the measures taken during the past two years to improve the efficiency of the group, should enable a further improvement in profits to be achieved.

The pre-tax surplus was struck after lower redundancy and severance costs of £515,000 (£1.03m) and net interest charges of £1.84m, compared with £2.29m. Included was a share of associate's profits of £337,000 (£189,000).

Tax paid jumped by £2.1m to £3.15m, leaving the net balance at £3.44m, against £979,000.

Attributable profits came through at £3.02m (£176,000) after minority deductions of £21,000 (£106,000) and extraordinary debits of £400,000 (£697,000).

Earnings per 50p share are given as 10.3p (2.6p) before extraordinary items but the dividend is being held at 5.1p net by a same again final of 3p.

Orders received during the year increased by 25 per cent in value and 7 per cent in volume, compared with the previous year. Although sales increased by 18 per cent in value and by some 2 per cent in volume, the rise was not as great as for orders.

The greater rise in the value of orders and sales, as compared with volume, arose from inflation and the sharp devaluation of sterling, particularly against the dollar, the directors explain.

Sales in continental Europe continued to grow as did sales in North America. At year end the value of unexecuted orders was £74m, an increase of £17m over a year earlier.

Analyses of sales by area and percentage of total shows: UK £26.59m (£29.33m), 19.3; rest of Europe £29.17m (£23.96m), 21.2; North America £46.17m (£29.51m) 33.5; rest of the world £35.88m (£33.52m), 26.

The UK companies achieved much improved trading profits. The U.S. companies had another good year but the manufacturing companies in Australia, France and New Zealand earned lower trading profits.

A divisional breakdown of sales and trading profits shows: food processing and packaging machinery £94.94m (£79.47m) and £4.05m (£3.18m); chemical processing machinery £17.7m (£13.65m) and £1.59m (£1.22m); and printing and other machinery £25.16m (£23.37m) and £2.97m (£759,000).

The extraordinary charge was a provision made for moving employees, stocks and machinery from Michigan to North Carolina as part of the previously announced relocation of the food machinery division of Baker Perkins Inc.

On a CCA basis pre-tax profits were £2.81m (£2.4m loss).

● **comment**

Baker Perkins has done somewhat better than expected and appears headed towards further recovery. Severe cost-cutting in the UK has pumped up margins in the year from less than 1 per cent to over 5. In America sales have grown by more than 55 per cent; the new high-speed printing machines get most of the credit. The company's investment in computer-aided design (CAD) equipment appears to be paying off handsomely. Thanks to this hi-tech input, the company's newer products are having few teething problems and fewer after-sale foul-ups. Although borrowings are unchanged at around £13m, the balance sheet is in good order and the company is planning to loosen the purse strings a bit this year. It seems that further CAD investment is a sure bet. The costs of a major relocation in the U.S. will hamper profits growth somewhat this year, so a return to 1980's £9.8m pre-tax figure might have to wait until 1983. The shares added 9p yesterday to reach 110p, where the fully-taxed, historic p/e is 11. This seems to properly discount the company's prospects in a still chancey economic environment. The yield is 7 per cent.

Renold holds payment at 2p

FOLLOWING BETTER results in the second half of its financial year, Renold, manufacturer of power transmission products and machinery, has maintained last year's dividend with a final payment of 2p net per £1 share. The interim and the previous final were both omitted.

Mainly because of UK losses in the first six months, the group ended the year to March 28 1982 with a pre-tax deficit of £1.77m, compared with £2.95m profits previously. Of this loss, some £1.46m was incurred in the first half.

External sales for the year slipped back from £127.09m to £122.25m. At the trading level, the group made profits of £4.63m (£8.41m) but these were wiped out by higher interest charges of £6.4m (£5.47m).

The bulk of the reduction in trading profits was attributable to UK operations where losses of £283,000 (£2.84m profits) were incurred. Overseas companies' profits dropped by £0.5m to £5.27m. The result was after charging depreciation of £8.64m (£9.75m).

The board says the results for the year reflect the very low levels of demand for mechanical engineering products. This has been a factor in many economies, particularly Europe and North America, because of the widespread recession in manufacturing activity.

High interest rates have had a significant adverse influence on these market conditions and contributed both directly and indirectly to the company's reduced level of profitability.

In the UK in particular, the trading results have also been depressed by the consequences of short time working and temporary dislocation arising from the further actions taken to adjust the company's operations to lower level of demand. Improved productivity showed through in better results in the latter part of the year.

It is not expected that there will be any significant improvement in demand in 1982-83, but the actions taken should result in an improved financial performance.

Attributable losses for the year increased from £1.34m to £4.14m, after tax of £1.41m (£1.67m), minorities and preference dividends of £81,000 (£95,000) and extraordinary debits of £0.89m (£2.42m). The ordinary dividend again costs £807,000.

Stated loss per share was 8.1p, before extraordinary items, compared with earnings of 2.9p.

In current cost terms, loss per share was 20.2p (14.7p) and pre-tax losses came to £6.78m (£4.27m).

Borrowings in the UK have been reduced and while those overseas have increased in sterling terms, this is partly due to the fall in the value of sterling against other currencies, particularly the U.S. dollar.

At the year end, UK bank overdrafts and advances were down from £14.15m to £9.69m, while overseas, the figure were higher at £10.35m (£8.23m). Loans increased from £5.53m to £7.74m.

Equity shareholders' funds amounted to £83.54m (£86.8m). Fixed assets totalled £79.37m (£85.09m) and net current assets were £56.8m (£57.42m).

● **comment**

Renold continues to struggle. The UK business moved into the black in the second half, but increased interest payments have stamped out the improvement. Property sales (including Renold House) have kept a lid on borrowings, but at nearly £4m against shareholders' funds of £83m, they remain a major worry. Efforts to whittle down stocks have only wrung £1m out of the UK business, but Renold's new computerised system might provide better results this year. The company's workforce has shrunk by more than a tenth this year and further rationalisation seems likely. South Africa has helped to hold up overseas contributions but even that economy is now off the boil so prospects for the current year look less bright. Chance for a return to pre-tax profitability this year do not look good. The shares at 39p (par value is £1) yield nearly 7.6 per cent. Market capitalisation is £15.9m.

Whatlings improvement

Whatlings, the civil engineering and building contractor, experienced a rise in pre-tax profits to £167,000 for the half year to March 31 1982, against £131,000, though turnover was sharply reduced to £10.5m from £14.46m last time.

Interim dividend per 25p share is 1p net (nil), absorbing £40,000. Last year an interim payment of 1p was made in lieu of the final.

After tax of £17,000 (nil), net profit works out to £30,000 (£131,000), while earning per share are stated at 3.75p (2.8p).

THE FREDERICK PARKER GROUP PLC

(Manufacturer and supplier of plant for producing crushed and graded stone, mixed asphalt and concrete. Hiring and servicing construction equipment).

Unaudited interim statement

Half year ended 31 March	1982 £000	1981 £000
Turnover	24,535	19,280
Trading Profit before interest	2,058	990
Profit before taxation	2,005	454
Profit after taxation	1,415	433
Earnings per share	9.8p	3.0p

Points from the chairman's comments:

- Good results for the first half year.
- Cash position remains strong and interim dividend is increased to 1.5p (1981: 1.0p) net per share.
- Results for the year are expected to be similar to last year.

K. J. Parker

The Company's Shares are traded on The Over-the-Counter Market. Details of this market together with copies of the full interim report are available from Investment Bankers M.J.H. Nightingale & Co. Limited, 27-28 Lovat Lane, London EC3R 8EB.

Imasco sees continuing strong growth

Imasco, the major tobacco products, fast food, retailing and food manufacturing group owned 49 per cent by BAT Industries expects to counter the recession successfully in the current year ending March 31 1983.

Paul Pare, chairman, told the annual meeting he would be disappointed if Imasco did not achieve a 20 per cent gain in per share earnings.

For the first two months of this year the pattern of strong growth in revenues and earnings set in 1982 continued.

Last year Imasco, which has 40 per cent of its assets in the U.S., earned C$119.5m (£53.35m), or C$5.56 a share, against C$99.5m on sales of C$2.19bn (C$1.4bn).

Mr Pare said the fast food, drug store and food manufacturing operations were continuing to do quite well though some retail operations were feeling the impact of the recession. Tobacco products might slow down because of tax and manufacturing cost increases.

However, Imasco is confident it will maintain its 50 per cent share of the Canadian market.

US. and General Trust

The United States & General Trust Corporation has raised the net interim dividend from 4p to 5.5p net per 25p share for the year to December 31 1982.

Since the trust is expected to be unitised before the final dividend is normally paid, the board has decided to distribute most of the net income receivable in the half year to June 30 1982 and has increased the interim.

All further income received by the date of unitisation will be distributed in the form of a second interim dividend.

Tunnel on target

PROFITS BEFORE tax of Tunnel Holdings, now 98 per cent owned by Rio Tinto-Zinc Corporation, topped the forecast of £16.75m made at the time of the recommended offer by RTZ, and emerged at £16.81m for the 12 months to March 28, 1982, compared with £15.55m previously.

Turnover of the group, engaged in construction materials and services and specialised chemicals, rose from £107.27m to £148.68m and at the trading level profits came through at £12.91m, compared with £11.16m.

The pre-tax figure included a share of profits of associates, amounting to £6.3m (£4.87m), but was after net interest charges of £2.4m (£314,000 received). Tax took £4.47m (£4.75m), leaving the net balance £1.55m higher at £12.34m.

There were exchange gains this time of £34,000 (£214,000 loss) and minorities accounted £59,000 (£17,000). Extraordinary items took £286,000, after which the attributable surplus emerged at £12.03m (£10.56m).

Stated earnings per 25p share improved to 50.8p (43.8p) but no final dividend is being paid. The directors said in their interim report that in normal circumstances they would have recommended a final of not less than that paid the previous year.

RTZ acquired a 39 per cent plus stake in Tunnel when it purchased Thos W. Ward and subsequently bid for the balance in March this year.

Ansbacher falls to £0.66m

Profits after tax of Henry Ansbacher Holdings, merchant banker, fell from £809,000 to £656,000 in the year to March 31 1982, and as forecast at the time of rights issue last February, the year's dividend is being raised from 0.15p to 0.35p net per 5p share.

The directors point out that since the year end the group has been materially changed, both in size and activity, by the acquisition of Seascope Holdings, which is active in marine insurance and reinsurance broking, ship sale and purchase and tanker and dry cargo chartering.

In view of these changes, the year's results have been presented in the manner that will be followed for the bank in future years. Therefore the accounts as presented are mainly of historical interest, and the new group's performance will be more apparent at the time of the interim figures later in the year, they say.

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1981-82 High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
120	100	Ass. Brit. Ind. Ord.	120	—	6.4	5.3	10.9	13.4
130	100	Ass. Brit. Ind. CULS	122xd	+2	10.0	7.3	—	—
75	62	Airsprung	71	—	6.1	8.6	8.1	13.6
51	33	Armitage & Rhodes	48	—	4.3	10.0	3.6	8.1
220	187	Bardon Hill	220	—	9.7	4.4	10.7	13.0
110	100	CCL 11pc Conv. Pref.	110	—	15.7	14.3	—	—
[illegible]	[illegible]	Cindico Group	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Deborah Services	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Frank Horsell	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Frederick Parker	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	George Blair	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Ind. Precision Castings	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Isis Conv. Pref.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Jackson Group	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	James Burrough	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Robert Jenkins	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Scruttons "A"	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Torday & Carlisle	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Twinlock Ord.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Twinlock 12pc ULS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Unilock Holdings	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Walter Alexander	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	W. S. Yeates	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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Dewhurst Dent cuts deficit

GLOVE MAKER and warehouse group Dewhurst Dent reported a reduced deficit of £78,000 for the six months to January 19, 1982, compared with £355,000 a year earlier and £1.19m for the full year. Turnover dropped from £9m to £6.67m.

The interim is again omitted. The group last paid a dividend in 1979. Loss per 20p share is stated as 0.77p (1.74p).

A trading profit of £50,000 was recorded, compared with a £193,000 loss. The pre-tax figure was struck after depreciation of £128,000 (£163,000). There was no tax charge (£179,000 credit).

The directors say the year began badly for the textile division but losses were partly recovered by an improvement since the end of September. This erratic trend is continuing in the second half, and further losses are expected.

The glove companies produced a satisfactory result, they say.

Although changes made to the group in the last two years have put it in a strong position to cope with the continuing difficult conditions and to take advantage of any upturn when it comes, the directors say they cannot be optimistic in the short term.

F. H. Lloyd back in profit with £815,000

THE ANTICIPATED improvement in the second six months, as compared with the poor performance of the corresponding period last year, has been borne out at F. H. Lloyd Holdings.

For the 53 weeks to April 3 1982 the group moved back into the black, returning pre-tax profits of £815,000, compared with a previous loss of £254,000. Losses for the first half amounted to £353,000 (the directors anticipated a better second half in their interim report) and those for the second half of 1980/81 £491,000.

New chairman, Mr Lewis Robertson, who describes the results as modestly encouraging, says they reflect somewhat improved sales (up from £61.4m to £70.2m) together with substantial cost-saving efforts by operating companies.

For the future, he says it is too early to form a tentative assessment, but present indications profits at the trading level should be sustained, and perhaps slightly improved upon.

He points out that the steel foundries outperformed the industry average in the year under review, benefiting from technical and commercial strengths, and current prospects suggest an at least maintained performance in 1982/83. He is more cautious about the steel mini-mills and rerolling sectors but says there is some reason to look for a measure of improvement in the engineering companies.

Stated earnings per 25p share slipped to 2.2p (2.3p) on a net distribution basis but the dividend is being increased from 0.5p to 1p on consideration of the results and "prospects so far as these can be discerned."

The pre-tax surplus for the 53 weeks was struck after exceptional debits of £508,000 (£635,000) and interest payable of £1.26m (£955,000). The results were boosted by other income of £149,000 (£90,000). Last time there were associate profits of £44,000.

There was a tax credit this time of £160,000 (£938,000 charge) which left the net balance little changed at £655,000, compared with £684,000. Minorities accounted for £125,000 (£133,000) and extraordinary debits totalled £221,000 (£16,000 credit).

A divisional breakdown of sales and trading profits (£2.44m, against £1.2m) shows: foundries and services £32.65m (£32.96m) and £1.39m (£1.56m); engineering £17.61m (£18.09m) and £931,000 (£972,000); and steel £19.96m (£10.34m) and £118,000 (£1.33m loss).

Mr Robertson says given the difficulties encountered by the heavy engineering industries of the UK and the Western world, performance of the foundries and services division was commendable, and the group's reputation and commercial connections enabled it to outperform the sector. As a result of UK overcapacity the Cardiff foundry was closed, reflected in the extraordinary item of closure costs. Transferable work was accommodated in other group foundries.

During the year the group's bank borrowings were reduced from £8.5m to £6.2m.

He says the 28.5 per cent interest in the company acquired by Cooper Industries during 1980-81 was subsequently made available for sale and the shares were placed in April this year with institutional holders.

On a CCA basis there was a loss of £2.14m (£3.7m).

● comment

Surprising as it may seem, the wranglings and boardroom changes at F. H. Lloyd do not seem to have prevented the company from staging something of a recovery. The engineering and foundry divisions did much the same as in 1980-81 in terms of sales and profits alike. Steel turnover almost doubled, however, and despite teething troubles in the reduction component of the new Wednesbury mini-mill the division delivered a turnround at the trading level of almost £1½m. Of course, much of the group's 80 per cent income gearing derives from the investment in Wednesbury, but at least both mini-mills are now running profitably at between 70 and 80 per cent of capacity, while cash flow was strong enough to knock £2.3m off borrowings during the year. Although Lloyd claims that demand for its castings is better than the general experience may suggest, the recovery in steel may be a little shaky. In re-rolling, particularly, orders have dropped away markedly in the last month or so. Week to week ordering has become almost custom and practice in the industry, moreover, masking out any underlying trend. The shares, at a two-year low yesterday morning, pulled back 4p, to 31½p, valuing Lloyd at £7½m. Rationalisation in the steel castings sector could change that a lot. And it may go ahead faster if Lloyd throws its weight behind the Lazards plan—which is might, if the plan can be suitably modified.

Brengreen ahead at £0.9m and predicts more growth

COMMERCIAL cleaning again provided the backbone of turnover at Brengreen (Holdings), which advanced 40 per cent from £17.76m to £24.65m, according to the directors. Pre-tax profits improved from £717,000 to £862,000 for the year to March 27 1982.

Mr David Evans, chairman, says that the group has made a strong and encouraging start to the year. Further tenders have already been submitted for cleansing services and more are in the pipeline.

There has been a substantial demand for the group's services abroad, says Mr Evans. The group is working in Kuwait and Saudi Arabia and has already secured contracts this year with an annual value of more than £5.5m.

The results of the first year's operations at Southend are better than had been anticipated. Additionally the contract for Eastbourne Council was secured, and work started on April 1. Expansion in commercial cleaning in the year under review has continued both by internal growth and acquisition, says Mr Evans.

The dividend has been raised from 0.7p to 0.8p net after the payment of a final of 0.4p. At the interim stage profits rose from £302,000 to £425,000 and an interim of 0.4p (0.3p) was paid.

Earnings per 10p share for the 12 months were shown as rising from 2.86p to 3.91p basic, and 2.48p to 2.91p fully diluted.

Pre-tax profits were struck after exceptional debits this time of £232,000, which included a payment to a former director of £150,000.

The agreement to acquire Bolen Decorations has been rescinded since their accounts fell short of those anticipated. The directors have decided, in view of the potential growth in cleaning, cleansing and international markets, to withdraw altogether from the building and decorating trade. The cost of this decision has been shown as an extraordinary debit this time of £401,000, which includes £207,000 goodwill.

The extraordinary debits arose on a premium of £737,000 on investment in subsidiaries written off and £194,000 cost of closing the decorating division, a total of £931,000. The directors assess that non trading costs of the decorating division closure came to not less than £120,000.

Loan stock interest was reduced from £35,000 to £13,000. There was a tax charge last time of £115,000. After tax profits emerged higher at £862,000 against £602,000.

After minorities and extraordinary debits, available profits came through lower at £461,000 compared with £601,000. Dividends absorbed £251,000 (£172,000) and the transfer to reserves was reduced from £429,000 to £210,000.

On a current cost basis the pre-tax result was reduced to £797,000 (£560,000) and earnings per share were given as 2.78p (2.59p) basic and 2.69p (2.22p) fully diluted.

● comment

The saying "where there's muck there's brass" could be Brengreen's theme tune. And judging by the share rating the market looks convinced. At 40½p the yield is 2.8 per cent and the fully taxed p/e is 31. Brengreen has backed its lofty position with turnover up by 38 per cent and pre-tax profits up by 18 per cent after exceptionals. The company is concentrating on its cleaning and rubbish collection services and particularly on developing public sector contracts. Work for local and central government accounted for 40 per cent of cleaning business last year and Brengreen gains two advantages from public sector deals. First, contracts are for a minimum three years compared to the week call off period on its shop cleaning contracts. Secondly, the contracts are linked to wage increases in order to help maintain trading margins. However, the likely boom in private rubbish collection engendered by Conservative local authorities' commitment to privatisation, could entice other contractors in and margins could tighten. Brengreen was undercut, for example, in its tender for Wandsworth and faced severe competition to win the Eastbourne cleansing contract.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Scott's Restaurants, C. & W. Walker, West Bromwich Spring.

Finals—Executex Clothes; Rediffusion.

FUTURE DATES

Interims—

Henlys .... June 28

Finals—

Dennis (James H.) .... July 1

Marling Industries .... July 15

Marshalls Halifax .... June 28

Waddington (John) .... July 7

Wintrust shows record £1.9m

ANOTHER successful year is reported by the directors of Wintrust, bankers, with a rise in pre-tax profits from £1.72m to £1.93m, for the period to March 31 1982.

The successful trend in profits has continued, say the directors, during the first three months of the current financial year and they have every expectation that profits for the full year will again be at record levels.

The dividend has been lifted from 3.2p net to 3.55p with an increased final of 2.35p compared with 2.13p.

At the interim stage pre-tax profits had improved from £781,720 to £905,934 and the directors then predicted profits for the full year at record levels.

Earnings per 20p share for the 12 months were given as rising from 19.07p to 21.47p before tax, and slipping from 12.51p to 11.79p after tax.

The increase in pre-tax profits for the period under review is not reflected in the after-tax result because there was an abnormally low tax charge of 32 per cent in 1981.

Tax this time took £818,676 against £554,864 and after tax profits slipped from £1.17 to £1.11m.

Near the end of the financial year, the bank's subsidiary Wintrust Securities was granted full recognised banking status which the directors believe represents a significant step in the longer term development of the bank.

Sangers incurs £2.94m loss for year

Sangers has realised £2.91m from the disposal of its wholesale pharmaceutical activities, but the board is quite certain that the group would have been in serious difficulties had the disposal not taken place and may well have been put into receivership.

As it is, Mr Mike Flinn, the insolvency specialist brought in as chief executive with a particular brief to rationalise Sangers' operations, calculated yesterday that he had "probably beaten the receivers by about three months."

The group in which Mr Tom Whyte is the largest shareholder, lost £2.94m before tax in the year to February 28 and incurred extraordinary costs of £2.51m chiefly in association with the 500 redundancies resulting from the wholesale pharmaceutical division. That eliminated the group's balance on distributable reserve, which now shows a deficit of £209,000, and no dividend is thus recommended.

Another problem to hit the group, quite unbeknown to Mr Flinn and the new boardroom team which has been assembled since the beginning of the calendar year, was the sudden dive into losses of the pharmaceutical agencies division. While their counterparts in Northern Ireland made further progress with profits of £321,000 against £263,000, the mainland operations were affected by the "gross inadequacies" of their management reporting systems.

The picture, which ostensibly had looked so bright at the interim stage, quickly darkened by January this year and Mr Flinn and his colleagues have been urgently engaged in remedial work. The Agencies in Britain stumbled from a previous small loss of £24,000 to a deficit of £887,000.

Continuing losses in these operations as well as central costs "still exceed the profit contributions from the remainder of the group," the new chairman, Mr John Briggs warns, "and our first task must be to complete the rationalisation the full benefits of which should be felt in the current year with consequent reduction in borrowings." Mr Briggs, who describes himself as a professional non-executive director, was brought in at the end of March to replace Mr George Robinson.

Overdrafts were shown in the February balance sheet at £4.68m—against net worth of £5.17m—but Mr Flinn claimed that borrowings have since been halved on the receipt of the disposal proceeds and said that "if we don't sell anything else, we're in a zero borrowing position by the end of this year." He has, however, a portfolio of freehold properties which he is deciding whether to sell or rent.

With shareholders' approval at an extraordinary meeting on July 29, the group will raise its borrowing powers from a sum equal to shareholders' funds to a sum equivalent to one and a half times that amount. The effect of the proposed change would be to lift the debt ceiling from £5.17m to £7.76m.

Courtaulds looks to maintain upward trend

GIVEN THE extent to which its business is still exposed to factors beyond management's short-term control and the current sombre world economic scene, the pace of forward progress at Courtaulds must remain uncertain, says Mr C. A. Hogg, the chairman.

"However, we shall be very disappointed if we cannot now maintain an upward trend in earnings," he tells members in his annual statement.

As reported May 28, the group recovered strongly in the year to March 31 1982 finishing with pre-tax profits £46m higher at £51.1m. Total turnover rose from £1.71bn to £1.79bn.

Mr Hogg says the past two years have proved even more difficult than was anticipated. During this period the group has had to write off a quarter of its trading capital employed and its UK workforce has declined by a third. Profits in real terms are still somewhat below what they were at the end of the 1970s, but the balance sheet and the cash position are much stronger.

The balance of the group's capital employed has continued to shift away from the UK and also away from textiles. The UK proportion has declined from more than 70 per cent of the total to 60 per cent over the past two years and the non-textile activities have risen from 20 per cent to 30 per cent over the same period. These shifts are the result of the board's determination to raise the group's return on its capital to economic levels.

With regard to the balance between textile and other activities, the past two years have seen the latter receive a disproportionate share of new capital invested and this may continue to be so.

Although the group now expects continuing improvement in profitability in the UK and will continue to invest in UK operations which are well founded, the chairman says it is clear that growth in sales volume will be very tough to achieve.

Following its aim to find better opportunities overseas to build on its strength, Courtaulds has recently announced the formation of a company in the U.S. which has, as its specific purpose, the development of new interests for the group in the chemical industry and related fields.

Baraoora up by 150%

With turnover up from £1.1m to £1.39m in 1981, pre-tax profits at Baraoora Tea Holdings climbed more than 150 per cent from £96,552 to £242,198.

An interim dividend of 3.5p net per 5p share is declared but the directors say it is not intended to recommend any further dividend for the year. The 1980 dividend was 3p, adjusted for last year's scrip issue.

There was an extraordinary debit of £2,294 (nil).

Stated earnings per share excluding this extraordinary item were 8.86p (4.4p adjusted) on a net basis and 10.89p (4.76p adjusted) on a nil basis.

Tax took more at £114,569, up from £33,215.

New Zealand bulldog bond

The £100m five-year "bulldog bond" for New Zealand has been priced to yield 14.456 per cent, a margin of 80 basis points above the mean of the 13¼ per cent Exchequer Stock 1987 and the 12 per cent Treasury Stock 1987.

The New Zealand issue was priced at 99.345 and carries a coupon of 14¼ per cent. S. G. Warburg, the lead-manager, had expected on Monday to price the bond at a spread of 75 basis points and said the slightly higher spread over the two gilts stemmed from a weaker gilts market.

Mersey Docks sees little improvement in trading

THE PORTS trade has shown little improvement over last year so far this year Sir John Page chairman told members at the annual meeting of the Mersey Docks and Harbour Company.

Owing to the problems in S. Atlantic, the company will lose some S. American trade, mainly Argentinian, and some other trade in that area could be affected by the crisis.

Due to present import controls imposed by the Nigerian government the directors expect the company's trade with that country to be appreciably reduced in short term and the effects of this are just beginning to show in the trading figures. These losses have been partly offset by new trade, but overall there has been no improvement in the company's position.

Sir John said the company cannot continue making losses as it would not have the funds necessary to carry on in business. Every effort is being made to become viable next year, especially as the government is not going to give the company any more repayable grants to cover trading losses after the end of this year.

The company is rationalising its organisation, concentrating operations and ceasing cargo handling at Birkenhead.

In respect of land sales, the total which the company expects to receive lies between £3.5m and £7m.

It is not possible to predict when whole amounts will be paid but an advance payment of compensation and £200,000 already received for land sold to Merseyside County Council should make a further redemption of at least 12p per £1 unit next year.

John Laing performance improving

The performance of construction engineering group, John Laing, continued to improve, with UK home completions in the first half of 1982 substantially higher than a year earlier, Sir Maurice Laing, the chairman, told the annual meeting.

However, the world recession had reduced the income of all potential customers, thus reducing the company's market and increasing competition, he said.

Pre-tax profits for 1981 climbed from £3.2m to £6.19m on turnover of £719m (£630m).

Sir Maurice said the company was heavily committed in the Middle East, where the wars in Iraq and Lebanon had caused great uncertainty throughout the region.

Leopold Joseph lower—but holds payout

GROUP PROFIT, at Leopold Joseph Holdings, merchant bank, for the year ended March 31 1982 was £594,000 after tax and a transfer to inner reserves, compared with £644,000.

A maintained final dividend of 8.577p net per £1 share repeats the total of 10.452p.

After minorities of £44,000 (£34,000), attributable profits came to £550,000 (£610,000). Retained earnings are £275,000 (£335,000).

Mr R. Herbert, chairman, says that, as interest rates showed considerable volatility all year, the group practised a conservative policy of shortening maturities and closely matching short-term assets and liabilities, to minimise the possibility of losses. The result has been smaller profit margins, but the directors remain convinced that this is the correct approach.

The consolidated balance sheet totals at £157m reflect the substantial volume of business. The increase in acceptance credits at £32m (£7.5m) is closely associated with the addition of Leopold Joseph & Sons to the list of banks whose acceptances are eligible for discount at the Bank of England.

This took place in December and the group could benefit only in the closing months of the financial year, but it has considerable helpful implications for future business, the chairman says.

Activity in foreign exchange suffered from strong competition and very low margins but investment services and corporate finance both had a successful year. The subsidiary in Guernsey again reported record results.

The current economic recovery is weak and the outlook is still for slow growth and no reduction in unemployment, Mr Herbert says. Lower oil and commodity prices have helped to improve the prospect for inflation but the U.S. recession gives cause for concern.

However, the group has no exposure to the sort of international and other risks which give cause for concern elsewhere, and he concludes that it is well placed to take prompt advantage of any profitable opportunities that occur.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Can. & Foreign .... int.	1.15	July 19	1.95	—	5.6
Renold	2	Aug 10	Nil	2	2
FH Lloyd	1	Aug 9	0.5	1	0.5
Castlefield (Klang) int.	4	Aug 4	2	—	14‖
Baraoora Tea .... int.	3.5	—	3*	3.5§	3*
Killinghall (Rubber) int.	2	Aug 4	4	—	14
Triplex Foundries	1	Aug 6	1	1	1
Estates & Agency	1	Aug 16	1	1	1
United Gas Inds.	4.55	Oct 1	3.5	5.95	4.9
Scapa Group	4.1	Aug 20	3.75	7.1	6.55
Redland	4.67		4.67	7.34	7.34
Utd. Guarantee .... int.	0.25	—	Nil	—	Nil
U.S. & Gen. .... int.	0.65	Aug 2	4	—	11.5
Henry Ansbacher	0.35	July 29	0.15	0.35	0.15
Brengreen	0.4	—	0.4	0.8	0.7
Whatlings .... int.	1p	Sept 24	—	—	1p¶
Wintrust	2.35	—	2.13	3.55	3.2
Trusthouse Forte .... int.	1.5	Oct 1	1.5	—	6
Baker Perkins	3	Aug 16	3	5.1	5.1
Leopold Joseph	8.58	—	8.58	10.45	10.45

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock. § No further dividend this year. ¶ Interim in lieu of final. ‖ Including 7p non-recurring payment.

BANK RETURN

	Wednesday June 23 1982	Increase (+) or Decrease (−) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	38,160,460	− 2,924,056
Bankers Deposits	538,140,265	− 54,616,000
Reserve and other Accounts	1,881,842,110	+ 4,253,156
	2,472,605,842	− 53,186,899
Assets		
Government Securities	311,935,304	− 107,800,000
Advances & other Accounts	1,175,454,310	+ 21,220,363
Premises Equipment & other Secs.	963,409,272	+ 33,511,942
Notes	21,121,450	− 1,041,532
Coin	275,896	+ 39,273
	2,472,605,842	− 53,186,899
ISSUE DEPARTMENT		
Liabilities		
Notes Issued	10,700,000,000	+ 25,000,000
In Circulation	10,678,878,550	+ 23,958,477
In Banking Department	21,121,450	− 1,041,532
Assets		
Government Debt	11,015,100	
Government Securities	3,350,276,527	+ 37,947,047
Other Securities	7,338,708,373	− 12,947,047
	10,700,000,000	+ 25,000,000

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Lonrho 'victory' at Fraser AGM

BY JOHN MOORE, CITY CORRESPONDENT

LONRHO, the multinational trading group, went into battle yesterday with House of Fraser, in which it is the biggest shareholder, at the annual general meeting. Afterwards, the group headed by Mr Roland "Tiny" Rowland said: "Taken as a whole, the meeting was a victory for Lonrho."

Lonrho said: "As a result of the strong views expressed to Professor Roland Smith (chairman of House of Fraser) by Lonrho and major institutional shareholders, he was obliged to give assurances which virtually concede the demands of Lonrho."

The meeting, which lasted over an hour, was punctuated by numerous exchanges between Professor Smith and Mr Edward du Cann, the Conservative MP who is a director of Lonrho.

Lonrho was challenging House of Fraser directors' right to issue shares.

It had put on the agenda two ordinary resolutions. One said the issue of shares should be conditional on receiving shareholders' approval. The other resolution said any offer the group received should be put to the shareholders by the Fraser directors.

Although Lonrho holds 29.99 per cent of the Fraser equity, Professor Smith said before the resolutions were discussed that the board had received shares representing 65m votes opposing the Lonrho proposals. In favour of the Lonrho plans were shareholders holding 57m votes, including 45.5m representing the holding of the Lonrho group.

Mr du Cann, on behalf of Lonrho, warned that Lonrho would call for a poll on the two resolutions, and would oppose three resolutions proposed by House of Fraser. One ordinary resolution related to the directors' rights to issue unissued shares under the provisions of the 1980 Companies Act.

A special resolution related to the directors' rights to issue equity under rights issues. Another special resolution proposed by the Fraser board sought to adopt new articles of association.

Professor Smith, introducing his board's resolutions, said House of Fraser was not considering any acquisitions which would lead to the issue of shares.

Professor Smith said: "I have no intention of issuing paper when the net asset value of the business is twice the share price as it stands today.

"In practice the board would obtain a further sanction from shareholders before using the authority to issue shares in such a way as to involve a significant geographical diversification or a significant change in the business of the group from its present activities. That wording and that condition is acceptable to City institutions."

He said the authority conferred upon the board would last one year only. The board would then ask shareholders for it to be renewed. The resolutions proposed by Lonrho, he said, would nullify the resolutions proposed by the board.

Mr du Cann reminded Professor Smith that Lonrho was still interested in taking over House of Fraser.

"While this company is the subject of a bid possibility it has no business in the sort of circumstances we are experiencing here substantially changing in any way its shape or form."

Mr du Cann argued that is was clear from what Professor Smith had already said that institutional shareholders accepted that view.

Mr Paul Spicer, a Lonrho director, said Lonrho had discussions with various institutional shareholders during the campaign.

"These institutions have told us that you have given them certain additional assurances regarding the issue of shares. These assurances have been so reassuring that the institutions have decided to vote in favour of the House of Fraser resolution."

Mr Spicer asked what these assurances were, to whom, and on whose authority they were given, and why they were not given to all shareholders.

Professor Smith said "The assurances were given to a number of institutions on the basis that we were not intending to diversify. There is no intention to diversify. The diversification argument arose in a circular from Lonrho. We had to explain to the institutions that diversification was not in our plans and not our intention."

Lonrho called a poll on all the contested resolutions, the results of which will be announced today. But the Lonrho resolutions have been lost, although the two special resolutions proposed by Fraser, requiring 75 per cent majorities, looked certain to be defeated by Lonrho.

Professor Smith said: "That is not serious and is not very significant as far as the company is concerned. Unfortunately we will not be able to bring our articles of association up to date. But we are not working illegally."

He said Lonrho was trying to constrain the House of Fraser board in such a way that Lonrho's own holding would be undiluted.

During the meeting he said that, although it was too early to assess the outcome for the year, the first-quarter figures were marginally ahead in real terms of the same time last year.

BPCC increases stake in Bemrose

British Printing and Communication Corporation (BPCC) yesterday announced further purchases of Bemrose Corporation shares while Bunzl said its bid had netted it less than 1 per cent of Bemrose's equity.

Bunzl, the paper and packaging group, has extended its offer to June 30. This is more an attempt to assess Mr Maxwell's intentions than hope of increasing acceptances, according to analysts.

Stockbrokers Grieveson, Grant said they bought 75,000 ordinary Bemrose shares on Wednesday at 127 19/32p each, taking BPCC's holding to 1.4m shares or 12.16 per cent.

Bunzl said it had received acceptances from holders of 50,305 shares of Bemrose, equivalent to 0.8 per cent of the equity, and from holders of 42,872 preference shares, or 20.7 per cent.

Bunzl's original offer for printer and packaging company Bemrose was worth £13.8m but a decline in Bunzl's share price has since reduced the value of its convertible loan stock to around £13m.

"We would be waiting to see if Mr Maxwell advances any further," said Mr James White, Bunzl's managing director.

Ferranti buys in the U.S.

Ferranti is to buy Ocean Research Equipment, of Massachussets, for around U.S.$6m (£3.46m). Ocean Research has two subsidiaries; one designs and makes underwater acoustic equipment, the other services small marine vessels.

The company will fit in with Ferranti's existing offshore oilfield service activity.

In its last financial year, Ocean Research generated sales of some $7.5m and after tax profits of around $600,000. The Ferranti offer, which is subject to definitive agreement by both boards and by Ocean's shareholders, is worth $5.50 a share.

FOSTER WHEELER

Foster Wheeler Power Products of London has acquired an 80 per cent holding in the Leeds water tube boiler company, Gibson Wells. The remaining 20 per cent will be kept by Gibson Wells founder directors, Mr T. Gibson and Mr C. Wells.

No major change will take place in Gibson Wells, but the expansion of the company can now take place without the restraints which previously dictated the rate of growth.

Foster Wheeler wishes to become involved in the smaller end of the industrial water tube boiler market.

SATURN LEASING

Saturn Leasing, a member of Mercantile House Holdings, has repurchased the 25 per cent shareholding in Saturn Lease Underwriting held by United States Leasing International for £325,000.

ALLIED PLANT

Allied Plant Group has agreed to acquire United Forktrucks.

The price is expected to be £210,000 paid by £110,000 in cash (which at APG's option may be raised in whole or in part by the issue of £1 preference shares) and £100,000 in 10p ordinary shares.

The net asset value of UFL is expected to be not less than £180,000 and UFL's profits for this year are expected to be about £60,000.

NO PROBES

The proposed acquisition by Glynwed International of Ductile Steels is not to be referred to the Monopolies and Mergers Commission.

Additionally the mergers between Electronic Rentals Group and London and Montrose Investment Trust and between Imperial Chemical Industries and certain assets of Lonza are not to be referred.

SHARE STAKES

Whessoe Holdings — Colguy Holdings has acquired 150,000 (0.83 per cent), and now holds 2,045,000 (11.32 per cent). Holding company of Colguy is Newerthill.

Wagon Industrial Holdings — Britannic has acquired an interest in 1,005,000 ordinary (5.01 per cent).

Thorn EMI—Prudential Corporation was interested in 9,328,816 ordinary (5.35 per cent) as at June 16 1982.

Coats Paton—Prudential Corporation is interested in 17,083,127 ordinary (6.17 per cent).

Bishopsgate Trust—Equitable Life Assurance Society has increased its beneficial holding to 1.82m ordinary (7.71 per cent).

John Waddington — Britannic Assurance is interested in 860,000 ordinary shares (13.74 per cent).

Globe Investment Trust—Coal Board Pension Funds Holdings is interested in 40,599,043 ordinary (24.83 per cent).

Spencer Gears (Holdings)—Hoveringham Pensions disposed of 50,000 shares on May 24 1982 and therefore no longer has a profitable interest.

Lyon and Lyon — Prudential Corporation is interested in company's ordinary shares as to Prudential Nominees: 157,500 sharea; Kingman Nominees: 157,500 shares; making 315,000 (9.84 per cent).

English and International Trust—Pearl Assurance is the beneficial owner of 519,848 ordinary (5 per cent).

Great Universal Stores — Prudential Corporation holds 403,365 ordinary (7.41 per cent).

A. G. Stanley Holdings—Mr Donald Kevin Brown, company secretary has sold 75,000 ordinary.

De La Rue—Prudential Corporation Group holds 1,998,037 ordinary (5.24 per cent).

Ladies Pride Holdings—Prudential Corporation is interested in 557,000 ordinary (6.93 per cent).

John Brown and Co.—Prudential Corporation's notifiable interest is 7.34 per cent which represents a holding of 9,619,351 ordinary.

Queens Moat House—Prudential Corporation holds 5.78m ordinary (6.51 per cent).

Hepworth Ceramic—Prudential Corporation holds 7.91m (5.03 per cent).

T. Clarke—Prudential Corporation holds 655,000 ordinary (6.669 per cent).

Saga Holidays — Prudential Corporation hold 968,000 ordinary (5.38 per cent). Registered holders are Prudential Nominees 669,000 and Kingman Nominees 300,000.

Concentric — Britannic Assurance interested in 2.46m ordinary (13.01 per cent).

Erith—Globe Investment Trust (held as Glyn Mills Nominees), disposed of 600,000 ordinary reducing holding to 50,000 (0.005 per cent), in name Tyndall Pensions Nominees. R. F. Erith, a director, acquired 10,000 ordinary bringing holding to 50,000.

Caparo Industries—Caparo Group purchased 200,000 ordinary making 23.69m.

Hoskins and Horton—Claxton and Garlands interest 635,000 ordinary (23.8 per cent).

GR Holdings—Prudential Corporation has 6.3 per cent holding being 134,000 shares in the name of Prudential Nominees and 126,500 in the name of Kingman Nominees.

Molins—Prudential Corporation interested in 5.04 per cent being 894,738 in the name of Prudential Assurance, 10,000 in Vanburgh Pensions, and 572,000 in Prudential Nominees.

Harold Perry Motors—Prudential Corporation interest in 1.1m shares (6.08 per cent).

SPAIN

June 24	Price %	+ or −
Banco Bilbao	352	
Banco Central	318	−3
Banco Exterior	300	
Banco Hispano	315	
Banco Ind. Cat.	111	−2
Banco Santander	333	−1
Banco Urquijo	180	−1
Banco Vizcaya	362	
Banco Zaragoza	238	−2
Dragados	109	−5
Espanola Zinc	69	
Fecsa	62.2	
Gal. Preciados	28	−2
Hidrola	60.2	+1.2
Iberduero	51	+0.5
Petroleos	73.5	+0.5
Petroliber	101	
Sogefisa	5	
Telefonica	60.2	−0.5
Union Elect.	55.5	−1

Yorkshire Spinners buys wool broker

Yorkshire Fine Woollen Spinners is to make an agreed £662,000 bid for the entire share capital of Sykes Booth, a wool broking and merchanting company.

Yorkshire Fine's shares were temporarily suspended yesterday at the company's request at 21p.

Provided the net assets of Sykes are confirmed as being worth not less than £580,000 on June 30, Yorkshire Fine will pay £162,000 in cash, Barclays Merchant Bank said.

The balance will be met by the issue at par, credited as fully paid, of 2.28m ordinary 20p shares and 44,000 11 per cent cumulative redeemable convertible preference shares of £1 each of Yorkshire Fine.

Mr Philip Sykes, a director and shareholder of Yorkshire Fine, has a substantial interest in Sykes Booth. Profit attributable to the ongoing interests to be acquired by Yorkshire Fine, before tax and before an extraordinary credit, were £102,000 in the year ended December 31.

About one-third of Sykes Booth's turnover is represented by transactions with Yorkshire Fine, in which Sykes holds 147,000 ordinary shares, 30,000 11 per cent cumulative redeemable convertible preference shares and 16,000 3.5 per cent cumulative preference shares. These holdings will be disposed of upon the acquisition of Sykes by Yorkshire Fine.

Mr Sykes will hold 29.8 per cent of voting rights in Yorkshire Fine after the proposed acquisition and after certain share disposals. He will enter into a five-year service contract.

Yorkshire Fine will also sell and lease back Greenhill Mill, housing its woven upholstery velvet activities, to Creditforce for £200,000. Creditforce will grant a 50-year lease for an initial £33,000 annual rent, reviewable every five years.

Creditforce holds 170,000 11 per cent preference shares of Yorkshire Fine and has agreed to acquire a further 52,719 from Sykes Booth and its directors.

Singer sells MAM shares

ENGELBERT HUMPERDINCK, the singer who first shot to fame in the 1960s, has sold 120,000 of his shares in Management Agency and Music, the show business and leisure group.

Mr Humperdinck, who, together with stars such as Tom Jones and Gilbert O'Sullivan used to be among MAM's major assets, is still an important shareholder, with 500,000 shares or nearly 7 per cent of the capital.

At the recent 93p price of MAM's shares his sale would have been worth more than £111,000.

The stars' earnings have declined as a share of MAM's revenue in recent years and are currently around 10 per cent, with both Mr Jones's and Mr Humperdinck's contracts due to expire next month. MAM's earnings now depend on a wide range of activities including juke boxes, amusement machinery and the Burger King fast-food franchise.

DAVID BROWN GEAR

David Brown Gear Industries has acquired ADS Manufacturing Corporation of Milwaukee, Wisconsin, for an undisclosed sum.

David Brown intends to use ADS, which makes gears, as an outlet for its own products in America.

ADS was founded 10 years ago by two brothers, Jerry and Jimmy Andrews. It employs 70 people and trades from a 100,000 sq ft factory. Customers include steelmakers and manufacturers of oilfield, agricultural and mining equipment.

Weak tin price leads to redundancies at Geevor

BY GEORGE MILLING-STANLEY

REAL EVIDENCE of the effect on the Cornish tin mining industry of the current metal price weakness is expected today in the form of redundancies at Geevor.

The company has not yet publicly announced the loss of 18 jobs at the mine, but Mr John Foster, district secretary for West Cornwall of the Transport and General Workers' Union, confirmed yesterday that he had been given a list of the men due to be laid off.

He added: "We have a very serious situation in the industry," reports our Bodmin correspondent.

Mr Foster, who played a leading part in saving the Wheal Jane mine after Consolidated Gold Fields pulled out in 1978, is known for his moderate views and his desire to co-operate with managements in keeping the Cornish mining industry in existence.

He made no secret of his fears that Geevor might have to be closed down and put on a care and maintenance basis unless there is a recovery in the tin price above the £7,000 per tonne mark.

Such an action on the part of Geevor's management would be a disaster for the western end of the Land's End peninsula, where the mine is situated, an area in which other employment opportunities are virtually non-existent.

Although the job losses are slight in relation to Geevor's 370-strong workforce, they are indicative of the Cornish tin mining industry's plight.

Mr Jim Raper, who controls the South Crofty operation, said some months ago that redundancies might be necessary if the tin price stayed below the £7,000 level, although South Crofty could probably struggle along for about a year before lay-offs were needed.

The £7,000 level is generally accepted by the Cornish Chamber of Mines as the break-even price for the country's tin producers, which currently employs about 1,600 people.

If there is a sustained recovery in the price, this figure will get a big boost with a further 300 jobs within a few years at Dundonian's Southwest Consolidated Resources project at Callington.

Hampton Areas in coal venture

THE UK-REGISTERED Hampton Gold Mining Areas has joined a consortium to produce coal from one of the biggest waste tips in existence.

The partners in the joint venture are the Glasgow-based Alexander Russell, which has considerable experience in this field of operations, and Mineral and Energy Resources (Merco), a private company.

Each of the partners will take a 30 per cent interest in a new Pennsylvania company, Nesquehoning Coal Corporation (Nescoal), which has been set up to acquire and operate leases over a coal tip on a 250-acre site in Carbon County, Pennsylvania.

The tip was formed from waste material from the Nesquehoning anthracite mine, which was in operation between 1880 and 1930, and is reported to contain more than 20m tonnes of coal-bearing material.

Nescoal will also take over a heavy media coal recovery plant at a total cost of $3.7m (£2.14m). The intention is to upgrade the plant to a capacity of 100,000 tonnes of coal a year in the first instance, with the possibility of further expansion later.

Hampton Areas and Russell are each contributing $1.15m in cash for their stakes in Nescoal. Merco will put up $500,000 and act as manager for the project.

The remaining 10 per cent stake will be issued to Mr John D. Howley Jnr, the current owner of Nescoal, who will act as chairman.

SA miners move closer to strike

SOUTH AFRICA'S white mineworkers have taken a further step towards strike action with the decision to hold a ballot on industrial action on July 7.

Mr Arrie Paulus, chairman of the Council of Mining Unions, said the Council had decided to call the ballot after pay talks with the Chamber of Mines had broken down. The Chamber, which represents employers, offered rises of 9 per cent, while the unions wanted 15 per cent.

The last big strike by white mineworkers was in 1922, over plans to use cheap black labour in the mines. It resulted in legislation, which is still in force, ensuring job reservation for skilled whites.

A statement from the Chamber said that the unions had made it clear that they were "not prepared to take into account the state of the industry or the national economy, and were not prepared to deviate significantly from the minimum demand of a 15 per cent increase."

The current low gold price of around $300 per oz has placed many of South Africa's gold mines in jeopardy, and is already beginning to have an impact on the country's economy.

A prolonged strike, or even wage rises which many of the mines could not afford, would be very damaging indeed.

ROUND-UP

South African gold output declined last month, according to the latest figures from the Chamber of Mines. Production totalled 1,757,568 ounces in May, down from 1,763,514 oz in April.

The figure is, however, higher than the 1,744,473 for May last year.

The cumulative total for the first five months of the year at 8,631,882 oz is running slightly below the 8,734,208 oz at the same stage of 1981.

Enpressa Nationale Adaro de Investigaciones Mineras (Enadisma) of Spain has reached tentative agreement with PN Batubara, the Indonesian state-owned coal company, to mine coal in south-east Kalimantan. Negotiations are still in progress.

Three contracts to mine coal in Kalimantan have so far been signed with foreign groups since the area was opened to them late last year.

The agreements allot 13.5 per cent of the coal produced to the Indonesian Government, with the foreign groups having the right to export the remainder after the government has had first option to purchase at current international prices.

* * *

The No 5 dredge of Malaysia's Kamunting Tin Dredging will be shut down from the end of July, as a result partly of the low tin price and partly the reduced production from poor grade ground.

Kamunting, which is under the control of Malaysia's Pernas Charter Management, said the problems were aggravated by the recent imposition of export controls.

Thus continued operations were expected to result only in further losses, and the dredge will be put on a care and maintenance basis.

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$300	—	—	5	36.10	7	48	$351
GOLD C	$325	18	10 B	2	25 B	—	—	"
GOLD D	$350	8	6.80	8	13 B	8	23.50	"
GOLD D	$375	10	1.70	—	—	—	—	"
GOLD C	$400	3	1	2	4	—	—	"
GOLD P	$300	5	10.50	19	16	7	20	"
GOLD P	$325	5	21	10	27	—	—	"
GOLD P	$350	19	38	—	—	—	—	"
12¾ NL 81 87-91								
C	F.107.50	8	4	—	—	—	—	F.111.0
C	F.110	155	2	100	3	—	—	"
C	F.112.50	—	—	2	1.40	—	—	"
C	F.115	25	0.20	300	0.70	—	—	"
P	F.110	—	—	600	1.50	—	—	"
P	F.112.50	10	2.20	50	2.60	—	—	"
11¼ NL 82 88-92								
C	F.102.50	400	0.80	—	—	—	—	F.102
		July		Oct.		Jan.		
ABN P	F.280	—	—	5	7.50	—	—	F.281
AKZO C	F.25	20	0.40	68	1.20	61	1.90	F.24
AKZO P	F22.50	—	—	—	—	5	0.90	"
AKZO P	F.25	—	—	8	1.80	—	—	"
AMRO C	F.50	20	0.90	—	—	—	—	F.49.80
HEIN C	F.55	10	5.50 B	—	—	—	—	F.58.40
HEIN C	F.60	10	0.70 B	—	—	—	—	"
HEIN C	F.65	5	0.20	—	—	—	—	"
HEIN P	F.60	25	3.20 A	—	—	—	—	"
HOOG C	F.15	—	—	27	1.30	—	—	F.14.40
IBM C	$60	—	—	4	4½	—	—	$60⅞
IBM P	$60	—	—	5	1⅞	—	—	"
KLM C	F.90	37	2.50	36	6.80	—	—	F.89
KLM C	F.100	17	0.80	—	—	27	5.80	"
KLM C	F.110	—	—	18	2.40	—	—	"
KLM P	F.80	12	0.90	39	3A	—	—	"
KLM P	F.90	57	4A	67	6.80	—	—	"
KLM P	F.100	25	11.50	—	—	—	—	"
KLM P	F.110	7	21	—	—	—	—	"
NEDL C	F.120	—	—	82	2.80	—	—	F.112
NEDL P	F.110	10	1.50	6	5	—	—	"
NATN C	F.110	7	2.50	0	4.50	—	—	F.110.70
NATN C	F.115	—	—	16	2	—	—	"
PHIL C	F.20	19	2.90 B	5	3.10 B	—	—	F.22.90
PHIL C	F.22.50	35	0.70	40	1.50 B	136	2	"
PHIL C	F.25	—	—	171	0.70	96	0.90	"
PHIL P	F.22.50	53	0.30	—	—	210	1.10	"
PHIL P	F.25	—	—	15	2.20	6	2.50	"
RD C	F.80	—	—	15	9.20	—	—	F.86.80
RD C	F.90	17	0.80	22	3.20	22	4.50	"
RD C	F.100	—	—	29	0.86	21	1.90	"
RD P	F.80	10	0.50	31	1.50	4	2	"
RD P	F.90	17	3.50	48	7	—	—	"
RD P	F.100	10	13.30	8	14	—	—	"
UNIL C	F.150	12	1	—	—	—	—	F.146.20
UNIL C	F.160	5	0.30	—	—	—	—	"
UNIL P	F.140	10	0.60	—	—	—	—	"
		Aug.		Nov.		Feb.		
BOEI P	$20	5	4⅛	—	—	—	—	$16⅛
BASF C	DM.120	—	—	50	3.70	—	—	DM118.70
MANN C	DM.140	—	—	10	3	—	—	DM133.50
SLUM C	$45	5½	1⅛	—	—	—	—	$41¼
VW C	DM.140	10	5	—	—	—	—	DM142.2
VW C	DM.150	—	—	10	2	—	—	"

TOTAL VOLUME IN CONTRACTS: 5888

A=Asked B=Bid C=Call P=Put

LONDON TRADED OPTIONS

June 24 Total Contracts 1380 Calls 972 Puts 401.

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP (c)	280	26	10	36	—	—	—	300p
BP (c)	300	13	14	23	58	32	—	"
BP (c)	330	4	—	19	16	19	—	"
BP (p)	300	12	1	20	—	26	—	"
CU (c)	130	6	—	11	54	16	1	130p
Cons. Gld (c)	330	18	5	27	25	35	—	334p
Cons. Gld (c)	350	6	4	15	—	26	—	"
Cons. Gld (p)	300	6	—	14	20	13	—	"
Cons. Gld (p)	330	15	15	25	—	30	—	"
Cons. Gld (p)	360	39	—	40	1	50	—	"
Ctlds. (c)	80	2	10	6	—	2	—	75p
GEC (c)	850	110	3	132	—	160	—	949p
GEC (c)	900	62	36	89	—	122	1	"
GEC (c)	950	27	14	58	3	88	—	"
GEC (p)	850	2	20	9	—	16	—	"
GEC (p)	900	9	2	20	4	30	—	"
GEC (p)	250	23	12	37	—	47	—	"
Gr'd Met. (c)	240	6	—	5	—	6	10	225p
Gr'd Met. (p)	194	1	10	3	—	4	—	"
Gr'd Met. (p)	214	6½	60	9½	—	12	—	"
Gr'd Met. (p)	220	7	60	14	—	17	—	"
ICI (c)	300	16	17	24	—	34	—	310p
ICI (c)	330	6	—	12	20	16	—	"
ICI (p)	330	24	4	26	2	34	—	"
Land Sec. (c)	280	4	—	12	50	24	—	272p
Mks & Sp. (c)	140	20	2	23	—	28	—	158p
Shell (c)	390	16	1	28	—	36	—	398p
Shell (c)	420	6	3	16	—	24	—	"
Shell (p)	420	25	32	38	—	42	—	"
		August		November		February		
Imperial (c)	80	21	6	25	11	—	—	100p
Imperial (c)	90	12	115	15	—	18	5	"
Imperial (c)	100	5½	100	8½	11	11½	18	"
Imperial (p)	90	1½	—	2½	6	4	—	"
Imperial (p)	100	4½	6	7½	60	2½	—	"
Lasmo (c)	330	11	38	24	6	40	—	304p
Lasmo (c)	360	4	3	14	—	27	1	"
Lonrho (c)	60	11	—	12	5	14	—	68p
Lonrho (c)	70	3	—	4½	10	7½	—	"
P & O (c)	130	16	1	21	—	—	—	143p
P & O (c)	160	2	6	5	10	10	—	"
Racal (c)	360	65	—	115	15	—	—	465p
Racal (c)	390	66	28	87	10	100	—	"
Racal (c)	420	55	41	65	56	77	—	"
Racal (c)	460	13	92	33	11	52	23	"
Racal (p)	420	6	11	16	—	23	6	"
Racal (p)	460	23	6	28	11	33	—	"
RTZ (c)	360	16	5	25	3	28	1	359p
RTZ (c)	390	34	6	47	—	50	—	"
RTZ (p)	360	20	26	34	—	40	—	"
RTZ (p)	390	8	18	20	—	30	—	"
RTZ (p)	420	4	—	12	1	20	—	"
Vaal Rfs. (c)	40	2¼	17	3¾	8	6½	—	$38
Vaal Rfs. (c)	45	1	—	2½	—	3¾	1	"
Vaal Rfs. (p)	35	1½	—	3	2	—	—	"
Vaal Rfs. (p)	46	7	10	10	—	11	—	"

C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	12½%	Robert Fraser	13 %
Allied Irish Bank	12½%	Grindlays Bank	†12½%
American Express Bk.	12½%	■ Guinness Mahon	12½%
Amro Bank	12½%	■ Hambros Bank	12½%
Henry Ansbacher	12½%	Heritable & Gen. Trust	12½%
Arbuthnot Latham	12½%	■ Hill Samuel	§12½%
Associates Cap. Corp.	13 %	C. Hoare & Co.	†12½%
Banco de Bilbao	12½%	Hongkong & Shanghai	12½%
BCCI	12½%	Kingsnorth Trust Ltd.	14 %
Bank Hapoalim BM	12½%	Knowsley & Co. Ltd.	13 %
Bank of Ireland	12½%	Lloyds Bank	12½%
Bank Leumi (UK) plc	12½%	Mallinhall Limited	12½%
Bank of Cyprus	12½%	Edward Manson & Co.	13½%
Bank Street Sec. Ltd.	14 %	Midland Bank	12½%
Bank of N.S.W.	12½%	■ Samuel Montagu	12½%
Banque Belge Ltd.	12½%	■ Morgan Grenfell	12½%
Banque du Rhone et de la Tamise S.A.	13 %	National Westminster	12½%
Barclays Bank	12½%	Norwich General Trust	12½%
Beneficial Trust Ltd.	13½%	P. S. Refson & Co.	12½%
Bremar Holdings Ltd.	13½%	Roxburghe Guarantee	13 %
Brit. Bank of Mid. East	12½%	E. S. Schwab	13 %
■ Brown Shipley	13 %	Slavenburg's Bank	12½%
Canada Perm't Trust	13 %	Standard Chartered	‖12½%
Castle Court Trust Ltd.	13 %	Trade Dev. Bank	12½%
Cavendish G'ty T'st Ltd.	14 %	Trustee Savings Bank	12½%
Cayzer Ltd.	12½%	TCB	12½%
Cedar Holdings	13 %	United Bank of Kuwait	12½%
■ Charterhouse Japhet	12½%	Whiteaway Laidlaw	13 %
Choulartons	13 %	Williams & Glyn's	12½%
Citibank Savings	¶12½%	Wintrust Secs. Ltd.	12½%
Clydesdale Bank	12½%	Yorkshire Bank	12½%
C. E. Coates	13½%		
Comm. Bk. of Near East	12½%		
Consolidated Credits	13 %		
Co-operative Bank	*12½%		
Corinthian Secs.	12½%		
The Cyprus Popular Bk.	12½%		
Duncan Lawrie	12½%		
Eagil Trust	12½%		
E.T. Trust	13 %		
Exeter Trust Ltd.	13½%		
First Nat. Fin. Corp.	15½%		
First Nat. Secs. Ltd.	15½%		

■ Members of the Accepting Houses Committee.

* 7-day deposits 9.5%, 1-month 9.75%. Short term £8,000/12 month 12.1%.

† 7-day deposits on sums of: under £10,000 9½%, £10,000 up to £50,000 10¼%, £50,000 and over 11%.

‡ Call deposits £1,000 and over 9½%.

‖ 21-day deposits over £1,000 10½%.

§ Demand deposits 9½%.

¶ Mortgage base rate.

هكذا من الأصل

EMPLOYMENT AGENCIES

Why job turnover is so important for profits

Dominic Lawson

THE RECESSION has dealt a severe blow to the profitability of Britain's employment agencies.

Mr Bernard Marks, chairman of the Alfred Marks Bureau since 1946, describes the results of employment agenciee over the last 18 months as "disastrously bad. Last year staff turnoveh fell by a third. Registration of jobs with agencies is about a qnarter of 1979's level. In the peak year of 1973 we recorded a jobs-to-applicants ratio of 13 to 1. In November 1980 the trend line crossed. Now the ratio is 1 to 2. If you don't get volume, then you are left with very high fixed costs."

In a cyclical business with high fixed costs, fluctuating profits are only to be expected. But last year both of the two publicly quoted companies whose main business is in this field, Reed Executive and Brook Street Bureau of Mayfair, made record losses. Brook Street lost £1.53m pre-tax, while Reed Executive lost £1.9m, and passed its final dividend for the second year running.

Totel unemployment figures are not tha heart of the problem for the agencies, but job turnover, and the main agencies all remark on the decline in the number of applicants. "We want more turnover in the job market, but that will only happen when confidence returns to our potential applicants" says Mr Alec Reed, chairman of Reed Exacutive.

Ten years ago Alec Reed recognised the need for a source of earnings not completely dependent oo the pendnlum of the business cycle. The result wes a drugstore subsidiary, Medicare, which now accounts for almost 40 per cent of Reed Executive's turnover, and two thirds of its capital.

So far, so good. But Reed's idea, while fine in theory, has not yet been justified by results. Medicare has never yet been anything hut e loss-meker. In 1980 it lost £382,000 and last year £105,000. At least the trend is improving. Alec Reed feels the diversificetion will be proved right: "This year Medicare will show a small profit, end in 1983 it will make an appreciable profit."

Bernard Marks sympetbises with Reed's strategy, and argues that "Medicare will ultimately come good." In fact the Alfred Marks Bureau made a similar attempt at attaining a less cyclical pattern of earnings, when in 1973, it diversified into contract cleaning.

While Mr Marks — "Mr Bernard" to his staff—doee not disclose the precise figures involved, he claims "we are now among the top ten cleaning contractors in the UK and we are now pitching for local authority contracts with every hope of success."

Brook Street has resolutely remeined purely an employment agency, and is prepared to draw in its horns when cyclical decline sets in, though this has meant a contraction in the branch network. Mr Edward Hurst, a director of Brook Street concedes "our business depends on the rate of increase in employment and in this recession the rate of increase in unemployment has been more rapid than ever before. But Mr Hurst gains some bleak satisfaction: "We entered tha downturn with £3m in cash and undervalued freeholds; therefore in a sense we benefit from these difficult times—it's tougher for our competitors because they hava less money than us."

However, not all companies involved in the employmeot egency business hava experienced that sinking feeling of reserves being whittled away. Hestair's employment bureaux division — SOS Bureau — managed, despite its name, to make a pre-tax profit of £527,000 last year. Hestair chairman Mr David Hargreaves cleims that compared with the results of nthers in the field, this performance was "truly remarkable."

Hestair's strategy has been to limit SOS Bureau's branch network to towns with populationa above ½m, and to avoid marginal operations in smaller towns. In London, where price competition ia intense, SOS is very thin on the ground. In central London according to Mr Hargreaves "you have to be in shops, but we believe in having first floor offices, with no investment on interiors and shop fronts." An essential part of the operation is that SOS Bureaux are concentrated in ereas with flourishing local newspapers, in which the business can edvertise its services and locations.

Brook Street and Alfred Marks have each invested hundreds of thousands of pounds in setting up a computer system which enables them to match up applicants with vecancies across their entire branch networks. The ultra cost-conscious Mr Hargreaves describes this development as a waste of money: "a computer system matching candidates in different parts of tha country is all very wall, but labour in this country is notoriously immobile." Mr Hargreaves prefers to use computers to identify growth areas in the jobs market, such as electronics, heavy goods vehicle drivers and "other sectors which I wouldn't want to disclose."

This air of mystery is perhaps unnecessary. As Bernard Marks points out: "It is clear that there are areas where certain skills are in great demand, and that does not mean just word-processing. Legal-audio secretaries can name their own price at the moment."

Although there will always be shortages of skills in certain areas, it is equally true that the market in which the egencies operate has been shrinking. More painful still, their share of thet market has itself been eroded. The "culprit" has been the public sector, primarily the Jobcentres.

This month the "Report on the General Employment Service" was submitted to Sir Derek Rayner and the chairman of the Manpower Services Commission. It reported that over the last five years the private employment agencies' share of the engagement market has almost halved, and that all the major agencies are currently losing money. It argues that a contributory factor is public sector competition, particularly in the "temps" field. According to the Report, the private agencies' share of the non-manual market has dropped to 7 per cent, and to less than 1 per cent of the manual market.

The Rayner Report points out that "the private agencies regard the public employment service as unfair competition in that it is a free service to employers paid for by the taxpayer. They are also critical of the size and siting of Jobcentres."

The Rayner Report concluded thet "we do not consider that the public employment service should introduce selective fee charging for permanent or short-term vacancies; neither should it withdraw from the short-term engagement market. However, the Employment Services Division should stop using the word "temps" to describe the service it offers, and separate marketing of "temps" services ehould cease.

Mr Bernard Msrks, who describes the Jobcentres as "enormously wasteful palaces in high street positions peying excessive rents" calls the Rayncr Report "merginally disappointing: something more dracooian was indicated."

Mr Alec Reed attacks the Jobcentres on political grounds: "Jobcentre are en indiscriminate subsidy to employers. They have a senior secretaries division in Victoria, they advertise in The Times. What the hell has that got to do with being a social service?"

Mr Edward Hurst agrees with Alec Reed that the Jobcentres should spend more time end effort on getting jobs for school leavers, and less on "the easier to place." Naturally such a policy would benefit the private employment agencies more directly than any particular sectloo of the workforce, but Mr Hurst has some sympethy for the predicament of the Jobcentres: "They ere under tremendous political pressure to pley the numbers game and place as many people in jobs ae possible."

Mr Leooard Allen, Secretary General of the Federation of Personnel Services, is "reasonably bappy with the Rayner Report—it vindicates our view on Jobcentres, at least in the temp area." Mr Allen draws attention to one particular section of the Report, which rather obscurely recommends that "the public employment service . . . ehould refrain from offering such a high standard of service that fee charging is appropriate." This seems a rather obfuscatory way of expressing the view held by the private egencies, that public funds should be concentrated on those areaa of the market which are not sufficiently profitable to be covered by the private egencles.

Whatever the future role of the public sector, the fortunes of the private employment agencies ultimately depends on a pick up in the jobs market. All the major agencles are reporting thet the temps business is picking up rapldly, and in pest cycles this has been followed by an upturn in the more profitable permanent jobs market, which is currently still in the doldrums. Leonard Allen believes that the increase in temps business may indicate that the recovery has got under way, "but it's more like climbing a ledder than taking off in a rocket." David Hargreavee is also keeping his feet on the ground: "employment agencies will soon be making good money, but none of us expects to see the golden days of 1972-1973 again."

Hestair's David Hargreaves (left): SOS Bureau's "truly remarkable" performance; Bernard Marks: Jobcentres are "wasteful palaces; Alec Reed: "more turnover in the jobs market"

U.S. concern at high EEC food exports

WASHINGTON—EEC agricultural exports will this year exceed in value those from the U.S., reflecting the Community's huge subsidies, Mr Richard Smith, administrator of the U.S. Agricultural Department's foreign agricultural services, said yesterday.

Mr Smith told a meeting of the U.S. Agricultural Export Development Council that the bulk of the EEC's exports will be processed products. A decision will have to be made about the future world agricultural trading system at the ministerial meeting of the General Agreement on Trade and Tariffs (GATT) in Geneva in November, he claimed.

If the GATT meeting fails to address the question of the EEC's farm subsidies, then the U.S. will have to change its policy of reliance on the market and not using subsidies, Mr Smith concluded.

Reuter

Brussels fish plan attacked

BY RICHARD MOONEY

BRITAIN'S INSHORE fishermen have given a firm thumbs-down to a plan for sharing EEC fish resources proposed by the European Commission earlier this month.

After studying details of the plan, which is to be discussed again by Common Market fisheries ministers in Brussels on Monday and Tuesday, the executive committee of the National Federation of Fishermen's Organisations said yesterday that it did not constitute a basis for an "acceptable or honourable agreement."

The NFFO's main objection is the proposed allocation of fishing rights within Britain's 12-mile limit to Belgian, Dutch, French and West German fishermen.

Mr Nigel Atkins, the organisation's director general, said yesterday that a 12-mile exclusive zone remained one of its minimum requirements.

"We have already come down from calling for a 50-mile exclusive zone and cannot make any further concessions," he said.

The inshore fishermen also find proposed quota shares of fish from the EEC "pond" inadequate. In particular it wants more North Sea cod.

"Since 1978 our cod share has been progressively reduced," said Mr Atkins. "The figure has been raised a little this time but is still far short of our requirements."

He also objected to the Commission's "manipulation" of quota figures so as to allow catches of whiting and haddock for Denmark's small-mesh industrial (fish meal) fishermen. Another bone of contention was Britain's allocation in the Irish Sea which was lower overall than that proposed last July.

Britain's total allocation under the EEC plan would amount to 35 per cent of the seven principal species and 29 per cent of all human consumption species. This was slightly down from the last offer, Mr Atkins claimed.

Brazil cocoa offer to buffer stock

By Terry Povey

BRAZIL'S government has been asked by the Bahia Cocoa Trade Commission to back the proposed sale of 18,000 tonnes of cocoa to the International Cocoa Organisation (ICCO) buffer stock.

The sale would be on a deferred payment basis and would be Brazil's share of 60,000 tonnes of beans the cocoa-producing countries are planning to sell to the ICCO buffer stock. The 45,000 tonnes that could be bought outright, if a recent loan from a consortium of Brazilian banks is fully taken up, would bring the buffer stock to over 205,000 tonnes, including just over 100,000 tonnes already purchased.

The president of the Bahia commission said yesterday that he expected to get government approval for the deferred payment sale. The scheme is to be finalised at the ICCO council meeting on July 8-16.

Prices have been firmer recently in response to moves by the ICCO to boost its buffer stock, and some consumer buying was noticed. Uncertainty surrounding next month's ICCO meeting as well as the lack of information available on the new crop have helped counter the generally bearish mood of the last few months, traders said.

European beet sowings may fall

WEST GERMAN sugar statistician, F. O. Licht's third estimate of total European sugar beet sowings in 1982 puts the area at 7.834m hectares compared with 7.959m hectares in its previous estimate.

Licht's latest estimate compares with revised total 1981 sugar beet sowings of 7.977 hectares.

Traders say the new estimate comprises 5.069m hectares for Eastern Europe, 89,000 lower than the earlier figure, and 2.765m hectares for Western Europe, 36,000 hectares down. The West European total includes an estimate of 1.845m hectares for the EEC.

Reuter

FARMER'S VIEWPOINT

Taking stock in the hills

"If only," said the farmer in the pub, "we had realised what would happen to the sheep trade, we would not have allowed this to happen." "This" was the afforestation of the Esk Valley which in the last 20 years has turned the rolling hills of that part of the Scottish borders into a forest of conifers.

He did not mention that at the time the forestry commission and private interests bought their land—from willing sellers—hill sheep and cattle farming seemed to offer no better prospects.

But nowadays grant aid from EEC and Treasury sources have been supplemented by the Community sheepmeat regime which has increased returns from sheep to levels thought unobtainable. It is not that the hill farmers sell directly to the fatstock markets, but they provide the vital foundation stock for the crossbred ewes which make up the main production base of lowland sheep farming.

So the high prices paid for the finished sheep seep back into the hills, and have put an entirely new complexion on hill farming prospects. However, there is no doubt that there would be many areas thought fit only for forestry a few years ago which could be improved into economic sheep farming units.

Fencing, liming and some fertilising would be needed, with fencing the most important. Almost the only way to improve hill grazing is to control it and to prevent overgrazing.

This point was impressed upon me years ago by the late Captain Bennet Evans on Pynlimon. His farm included a large acreage of unfenced hill, on which the ewes were as they say, "bound." That is, they would not stray far from where they were born. But there was nothing to stop them from drifting onto other areas in search of feed, nor to prevent the neighbours' sheep coming in to savour the fruits of any land improvement.

Once he had secured the whole of his land by fencing Captain Evans was able, by selective improvement, to increase the overall stocking rate and production of his holding dramatically.

There have been special schemes to assist hill farmers for many years, but these have had two defects. They are justified in part by being social schemes in line with those operating in less-favoured areas in Europe, and they have tended to favour cattle rather than sheep.

This may not have been deliberate policy, but in practice cattle need much more winter feed in the shape of hay and compound feed than do sheep which are often left to look after themselves. Many hill farmers say they spend most of their ewe subsidy money on extra cattle feed. There is, of course, no reason why they should not if it suits them.

But in terms of investment there is no question that a ewe which will produce the equivalent of her own weight of meat in lamb in the course of a year is better bet than a beef cow which will take two to three years to do so in calf.

It appears the hill farmer is getting this message. The number of beef breeding cows is falling steadily, while that of the sheep flock is increasing slightly, and could do so faster in the future as the resources for land improvement are increased through higher final prices.

This is not to say that there will be a rush of investment funds into hill farming because of the better prospects. The price of hill land has been forced up by forestry investors in the past to levels higher than would have been reached were it not for the subsidisation and tax saving that forestry used to enjoy. Present prices are probably too high to show a reasonable return at existing interest rates, but this is the case with most farm land at present.

What the new price levels for sheep are likely to do is to make landowners who were thinking of selling for forestry decide instead to exploit their holdings themselves, so forcing the price for forestry land still higher. Forestry at present, except as a tax shelter, has prospects which are economically dim.

I used to tell anxious New Zealand correspondents that there was little likelihood of any significant increase in British lamb production. I would not be so dogmatic now. There is scope for a greatly increased output within few years.

It could even accelerate were I to believe the farmer in the pub. As I remember it, he said that they had paid a subsidy to plant the trees, and he looked forward to a time when someone would pay a grant to dig them up again in favour of sheep. Stranger things have happened.

JOHN CHERRINGTON

Copper prices rise sharply

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES rose strongly on the London Metal Exchange yesterday, continuing the recent rally from the four-year lows plumbed last week. Higher-grade cash copper closed £16.5 up at £743 a tonne making a gain of £53 during the past three days.

Traders attributed the recovery to speculative covering of previous sales which drove prices down to artificially low levels. What is undecided is whether the upward momentum can be maintained or whether it is merely a temporary technical reaction.

Demand for copper remains poor, but several North American producers put their domestic prices up—Asarco raised its quotation by 1.5 cents to 63.5 cents a lb, and Noranda by 2 cents to 65 cents a lb.

Meanwhile, a series of further shutdowns by mining companies was announced yesterday.

International Nickel said it was closing its mine in Manitoba for two months, and extending the planned shutdown of its Ontario division—where workers have been on strike since June 1—until at least October 3.

The company said the decision reflected the continuing deterioration in revenues due to lower metal prices and deliveries. It is planning other cost-saving measures.

The news brought an initial rise in nickel futures on the London Metal Exchange yesterday, but cash nickel eventually closed £55 lower at £3,000 a tonne as trade selling came in at the higher levels.

In Frankfurt, Metallgesellschaft said it was stopping all production at its lead and silver smelter in Braubach, near Koblenz, for eight weeks from the middle of July because it was unable to buy enough scrap for smelting. It said scrap dealers were unwilling to sell at current prices.

Asarco, meanwhile, lifted its U.S. domestic selling price for lead by a further 1 cent to 25 cents a lb.

John Soganich in Toronto writes: Deteriorating conditions in copper and zinc markets are forcing Hudson Bay Mining and Smelting to extend the planned June 26-August 3 vacation shutdown by a three-week production shutdown at its mines and plants at Flin Flon and Snow Lake in Northern Manitoba.

The company, a member of the Anglo American Group, says it is continuing to monitor market conditions and hopes that these will not deteriorate to such an extent that "additional measures are necessary."

Falconbridge Copper also announced it will at the end of July put into effect an indefinite suspension of mining and milling operations at its Corbet copper-zinc-silver-gold mine at Noranda in North West Quebec.

Row over direct sales of farm machinery

BY A CORRESPONDENT

FEARS ARE growing among Britain's farm machinery dealers of a trend among manufacturers to sell their equipment direct to farmers.

This important change in selling methods has increased quietly for months.

But it has burst into a row following the decision of a small manufacturing company to go public with its intentions.

Colman and Company (Agricultural) of Sudbury, Suffolk, manufactures grain dryers, silos, muck spreaders, feeder wagons, bale elevators and vacuum tankers and has a turnover of nearly £2m.

The company recently announced that it would sell direct to farmers, enabling it to offer immediate discounts of 27 per cent.

The announcement produced a vitriolic response from the British Agricultural and Garden Machinery Association, the dealers organisation.

Bagma objected in the strongest possible terms to accusations of maligned middlemen "with its implications of unwarranted margins."

It said: "Many dealers have been understandably upset by the manner in which the announcement has been made. Is it possible the company can provide the service their customers want? Will farmers really settle for a direct line to Selwyn Pryor (head of Colmans) when something goes wrong?"

Bagma said the prices quoted by Colman against the direct deal prices showed a 27 per cent discount "thereby offering only a nominal improvement in the real net buying price."

Mr Pryor said: "I feel strongly that this is the right way to go. If people were honest a lot more would admit that they are already involved in secret direct selling." He said he thought it would happen more.

"Small companies like us are on a hiding to nothing if we don't do this."

Mr Pryor has been on the board of Colmans for more than six years and has been pressing for this change in selling strategy for some time, but was unable to persuade the board.

He took full control of the company (from Anglo-Indonesian) in mid-May and has implemented his policy.

He said he was confident his new selling policy would be successful.

The machinery trade is not so sure. The dealers' association does not believe Colmans will be able to establish an effective network for sales and service.

Even the farm machinery manufacturers association, the Agricultural Engineers' Association, is sceptical. It says the whole industry will be watching the experiment with interest.

The AEA said: "We think the move is a mistake. It will be very surprising if they can make a success of it."

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	31.75-32.00	—0.45
Iranian Light	30.75-31.00	—0.50
Arabian Heavy	29.80-30.20	—0.40
North Sea (Forties)	33.25-33.75	—0.50
African (Bonny L'ht)	34.25-34.50	+0.43
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	340-342	—2.5
Gas oil	259-261	+0.5
Heavy fuel oil	169-171	+1.5

GAS OIL FUTURES

A steadier opening, reflecting firmer physicals, encouraged U.S. selling on stock figures and the market eased back. A fall anticipated a week New York opening but the market rallied as New York held, reports Premier Mann.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
June	275.25	+0.75	—
July	278.75	—	278.75-77.00
August	278.50	—1.50	281.50-77.25
Sept.	279.00	—1.25	281.75-77.75
Oct.	281.75	—1.50	283.00-81.25
Nov.	285.00	—2.00	286.00-84.75
Dec	288.50	—1.50	286.50
Jan.	290.50	—2.50	—
Feb.	299.50	+0.50	—

Turnover 1,528 (1,956) lots of 100 tonnes.

GOLD MARKETS

Gold rose $5½ to 307-308 in the London bullion market yesterday. It opened at $310½-$311½, and was fixed at $309.75 in the morning, and $310.25 in the afternoon. The metal touched a high point of $312½-$313, and a low of $306¼-306¾.

In Paris the 12½ kilo gold bar was fixed at FFr 67,500 per kilo ($307.54 per ounce) in the afternoon, compared with FFr 68,000 ($309.95) in the morning, and FFr 66,500 ($299.96) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 24,700 per kilo ($312 per ounce), against DM24,215 ($302.97) and closed at $310-$311, compared with $303½-$304½.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $311.50 per ounce.

In Zurich gold finished at $309-$312, against $303-$306.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	£ per troy ounce		
August	178.65-8.88	+2.475	181.40-78.25
Sept'mb'r	180.25-0.50	+2.575	—
October	182.10-2.25	+2.800	183.50-1.90
November	183.80-4.10	+2.800	—
December	185.70-5.80	+2.800	187.20-7.00
January	188.90-8.30	—	188.59-7.80

Turnover 1,238 (1,382) lots of 100 troy ounces.

	June 24		June 23	
Gold Bullion (fine ounce)				
Close	$307-308	(£170½-177)	$301½-309½	(£174-174½)
Opening	$319½-311½	(£179-179½)	$297-298	(£172½-173)
Morning fixing	$309.75	(£178.458)	$300.75	(£174.448)
Afternoon fixing	$319.25	(£178.325)	$304	(£175.317)

Gold Coins June 24					
Krugrnd	$310½-316¼	(£181¾-182¼)	King Sov	$82-83	(£47-47½)
1/2 Krug	$101½-163½	(£93¾-94¼)	Victoria Sov	$82-83	(£47-47½)
1/4 Krug	$82¾-83¾	(£47¾-48¼)	French 20s	$68¾-71¼	(£39½-41)
1/10 Krug	$33¾-34¾	(£19½-20)	50 pesos Mex.	$378½-379	(£216½-218½)
Mapleleaf	$315½-316½	(£181¾-188¼)	100 Cor. Aust	$299½-302	(£173½-174)
New Sov	$72½-73	(£41¾-42)	$20 Eagles	$365-368	(£209-212)

LEGAL NOTICES

THE COMPANIES ACTS 1948 TO 1976
YEOMANS TRANSPORT (BEARSTED) LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at 1 Wardrobe Place, Carter Lane, London EC4V 5AJ on Thursday, the 8th day of July 1982, at 12 noon, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 17th day of June 1982.

By Order of the Board,
N. W. COLYER,
Secretary.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER led a generally firm trend on the London Metal Exchange. Further speculative "short" covering of previous sales pushed higher-grade three months to a peak of £775 before closing at £765.5. Aluminium, lead and zinc followed the trend in copper, but nickel was lower in spite of opening strongly on news of the extended Inco shutdown.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
HighGrade				
Cash	760-.5	+27.7	749.5-3.5	+16.5
3 mths	775-.5	+29	766-.5	+18.2
Settlem't	759.5	+27.5	—	......
Cathodes				
Cash	741-2	+27.2	733-5	+18
3 months	764.5	+28.7	757.4-6.5	+18.5
Settlem't	748	+27.5	—	......
U.S. Prod.	—	—	*62-74	......

Amalgamated Metal Trading reported that in the morning high grade cash copper traded at £750.55. Three months £771.00, 70.00, 71.00, 72.00, 72.50, 73.00, 72.00, 71.00, 71.50, 72.00, 72.50, 73.00, 72.50, 74.00, 73.50. Cathodes: three months £764.00. Kerb three months £773.00, 74.00, 75.00, 75.50, 76.00.

Afternoon: higher grade three months £769.00, 70.00, 69.50, 69.00, 69.50, 70.00, 66.00, 66.50, 66.00, 65.00, 65.50, 66.00. Kerb higher grade three months £767.50, 67.00, 66.00, 66.50, 67.00, 66.50, 66.00, 65.00, 66.00, 65.00, 66.00, 65.50. Turnover 28,425 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	6430-40	-22.5	6430-50	+30
3 months	6550-60	—	6550-70	+52.5
Settlem't	6440	-20	—	......
Standard				
Cash	6430-40	-22.5	6430-50	+30
3 months	6550-60	—	6560-70	+52.5
Settlem't	6440	-20	—	......
Straits E.	$29.151	—	—	......
NewYork	—	......		

Tin—Morning: £6460, 40. Three months £6650, 25, 6600, 20, 6600, 6570, 60, 50. Kerb three months £6560, 70, 60, 50, 40. Afternoon: Standard three months £6530, 20, 30, 40, 60. Kerb standard three months £6550, 40, 30, 25, 30, 20, 10, 6500, 6490, 6500, 50, 35. Turnover 1535 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	297.5-8	+6.5	393.5-4.5	+9
3 months	307.5-8	+8	314.5-15	+9.25
Settlem't	298	+6.3	—	......
U.S. Spot	—	......	*25-7	......

Lead—Morning: £297.00, 96.50, 97.00, 97.50. Three months £319.00, 11.00, 10.00, 9.00, 9.00, 7.50, 9.00, 8.00, 9.00, 10.00, 11.00. Kerb three months £309.00, 11.00, 13.00, 14.00, 13.00, 12.00. Afternoon: Three months £319.00, 12.00, 13.00, 11.00, 10.00, 11.00, 11.50, 12.00, 13.00, 14.00. Kerb three months 313.0, 14.00, 15.00. Turnover 21,725 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	406.5-6.5	+17.5	398-400	+5
3 months	407.5-8	+18	397-98	+7.75
S'ment	406.5	+24.5	—	......
Primw'ts	—	......	*41-5	......

Zinc—Morning: Three months £419.00, 9.00, 9.50, 8.00, 8.00, 8.50, 8.00, 7.00, 8.00, 7.50. Kerb three months £409.00, 8.00, 7.00. Afternoon: Three months £407.00, 6.00, 5.00, 5.50, 5.75, 5.00, 5.00, 4.00, 3.00, 2.00, 1.00, 2.00, 1.5, 1.9, 400.75. Kerb: Three months £401.00, 400.00, 400.50, 1.00, 1.50, 2.00, 3.00. Turnover 31,800 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	535.5-6.5	+14.2	531-32	+11.2
3 months	553.5-4	+14	551.5-2	+12.2

Aluminium—Morning: £532.50. Three months 552.00, 53.00, 52.50, 51.00, 51.50, 52.00, 53.50. Kerb three months £554.00, 56.00, 57.00, 56.00, 55.00, 54.00. Afternoon: Three months £551.00, 51.50, 51.00, 52.00. Kerb three months £552.00, 53.00, 54.00, 55.00. Turnover 36,925 tonnes.

Nickel—Morning: £3,060, 50. Three months 3060, 70, 75, 70, 65, 60, 65. Kerb three months £3060. Afternoon: Cash £3000. Late June £3005, 3000. Three months £3040, 30, 20, 25, 30, 35.

Kerb three months £3035. Turnover 1,254 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3050-5	+40	3050-6	+56
3 months	3060-5	+50	3025-30	—14

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 8.25p an ounce higher for spot delivery in the London bullion market yesterday at 300.65p. U.S. cent equivalents of the fixing levels were: spot 522.5c, up 18c; three-month 543.1c, up 19.1c; six-month 562.5c, up 19.7c; and 12-month 605.1c, up 21.1c. The metal opened at 303-306p (527-531c) and closed at 298-299p (516-520c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	300.65p	+8.25	297.5p	+4
3 months	301.15p	+8.75	307.15p	+9.4
6 months	318.60p	+0.06	—	......
12months	338.80p	+9.20	—	......

LME—Turnover: 89 (145) lots of 10,000 ozs. Morning: Three months 309.5, 09.7, 10.5, 11.5, 11.8. Kerb: Three months 311.9, 11.5. Afternoon: cash 299.0, three months 309.5, 08.9, 08.0, 08.5, 08.2, 08.0, 07.5, 07.4. Kerb: Three months 308.0.

COCOA

After briefly opening higher futures eased on further hedging of Ghana sales and liquidation of jobber long positions, but a steady New York opening prompted renewed support and further offtake among consumers for prices to recoup the losses, reports Gill and Duffus.

COCOA	Yest'day's Close	+ or —	Business Done
July	877-79	+5.5	878-58
Sept.	907-08	+4.0	911-99
Dec.	946-47	+0.5	951-29
March	983-84	+3.9	989-70
May	1002-05	+2.0	1007-95
July	1022-23	+9.3	—
Sept	1045-46	+4.0	1046-44

Sales: 3,581 (4,606) lots of 10 tonnes.

ICCO—Daily price for June 24: 72.07 (71.53). Indicator price for June 25: 70.73 (70.19).

COFFEE

Early trade buying prompted a steadier opening before values returned to unchanged in thin volume, reports Drexel Burnham Lambert. Prices rallied on continued trade interest although the advance faltered in the face of overhead resistance.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	1263-64	+17.0	1268-48
Sept.	1146-47	+11.0	1147-08
Nov.	1070-71	+8.5	1070-58
January	1036-38	+5.5	1040-22
March	996-99	+5.0	1010-99
May	965-85	+5.0	996-88
July	970-75	+2.0	980

Sales: 3,374 (5,136) lots of 5 tonnes.

ICO indicator prices for June 23 (U.S. cents per pound): Comp. daily 1979 124.31 (124.72); 15-day average 124.52 (125.00).

GRAINS

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1 14 per cent July 111.50, Aug 110.00, Sept 109.50 transhipment East Coast sellers. English Feed fob Nov 112.50 East Coast sellers. Maize: French July 137.00 quoted transhipment East Coast. S. African White/Yellow July-Aug 86.00 seller. Barley: English Feed fob June 108.00 Gunness, Aug 106.00 East Coast. Rest unquoted.

WHEAT Mnth	Yest'rd'ys close	+ or —	BARLEY Yest'rd'ys close	+ or —
July	118.00	+5.80	—	—0.65
Sept.	108.10	+0.10	104.60	—0.65
Nov.	111.60	+0.15	108.15	—0.10
Jan.	116.65	+0.15	111.85	—0.10
Mar.	118.93	+0.15	115.20	—0.10
May	199.35	+0.15	118.20	—

Business done—Wheat: July 119.00-115.20, Sept 108.00 only, Nov 112.19-111.70, Jan 115.80-115.70, Mar 118.20-119.65, May 122.60 only. Sales: 120 lots of 100 tonnes. Barley: Sept 104.65-104.55, Nov 108.20 only, Jan no trades, Mar 115.05 only, May 118.25 only. Sales: 94 lots of 100 tonnes.

RUBBER

The London physical market opened slightly steadier, attracted little interest throughout the day, and closed easier. Lewis and Peat recorded a July fob price for No. 1 RSS in Kuala Lumpur of 203.5 (202.75) cents a kg and SMR 20 175.5 (174.0).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business done
July	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Jly-Sept	[illegible]	[illegible]	[illegible]
Oct-Dec	[illegible]	[illegible]	[illegible]
Jan-Mar	[illegible]	[illegible]	[illegible]
Apl-Jne	[illegible]	[illegible]	[illegible]
Jly-Sept	[illegible]	[illegible]	[illegible]
Oct-Dec	[illegible]	[illegible]	[illegible]
J'n-Mch	[illegible]	[illegible]	[illegible]

Sales: 923 (219) lots of 15 tonnes, 719 (nil) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 47.00p (46.75p); Aug 52.25p (51.75p); Sept 52.75p.

SOYABEAN MEAL

The market opened with gains of about £1.00 but ran into trade selling, reports T. G. Roddick. Prices drifted before steadying on renewed commission house buying.

	Yesterdays close	+ or —	Business Done
August	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]
Feb.	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]

Sales: 167 (185) lots of 100 tonnes.

SOYABEAN OIL—The market opened $3.00 higher in thin conditions but failed to attract any follow-through buying and drifted to close little changed. Closing prices and business done (US$ per tonne): June 495.0, 497.50, 488.00-496.50; Aug 488.00, 500.00, 498.00-499.00; Oct 504.00, 534.00, 500.00; Dec 505.00, 509.00, 509.00; Feb 510.00, 520.00, untraded; April 520.00, 532.00, untraded; June 521.00, 536.00, untraded. Sales: 30 (155) lots of 25 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £102.00 (£104.00) a tonne cif June-July-August shipment. White sugar daily price £135.00 (£138.00).

Prices drifted but keen support became apparent at the lower levels, reports C. Czarnikow.

No. 4 Con-tract	Yesterday's close	Previous close	Business done
	£ per tonne		
Aug	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]

Sales: 3,374 (5,136) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £374.00 (same) a tonne for home trade and £207.00 (£209.50) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for June 23: Daily price 7.00 (6.78); 15-day average 6.74 (6.76).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business): Australian cents per kg. July 542.5, 546.0, 545.0-542.5+ Oct 514.0, 514.5, 516.5-514.0; Dec 516.5, 520.0, 521.5-517.0; March 525.0, 527.0, 528.0-526.0; May 528.0, 530.0, 532.0-528.0; July 537.0, 537.5, 530.0-537.0; Oct 531.0, 533.0, 535.0-533.0; Dec 537.0, 540.0, 540.0. Sales: 125.

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Aug 383, 393, nil; Oct 390, 392, 393-390; Dec 400, 403, 399-397; Jan 402, 405, 401; March 413, 415, 414-413; May 425, 426, 425; Aug 436, 440, 436; Oct 436, 439, 439-437; Dec 437, 439, 441, 442, 441. Sales: 23.

COTTON

LIVERPOOL—No spot or shipment sales were recorded leaving the total for the week so far at 629 tonnes. Renewed uncertainty as to prospects kept buyers from operating with any freedom in the market, and dealings were dull. Even the more popular styles, such as Russian and Turkish, were in limited demand.

POTATOES

LONDON POTATO FUTURES—After a quietly steady opening the market fell in active trading, closing at new contract lows, reports Coley and Harper. Closing prices: Nov 57.40, —1.50 (high 58.20, low 57.40); Feb 63.50, —1.80 (high 65.00, low 63.50); April 70.00, —2.50 (high 72.50, low 70.00); May 79.00, —2.00 (high 80.00, low 79.00); Nov 66.00, —0.50 (unaltered). Turnover: 616 (246) lots of 40 tonnes.

PRICE CHANGES

In tonnes unless otherwise stated.

	June 24 1982	+ or —	Month ago
Metals			
Aluminium	£810/815		£810/815
Free Mkt.	$920/950	+30	$945/975
Copper			
Cash h grade	£754	+16.5	£804
3 mths	£766.25	+18.25	£832.75
Cash Cathode	£734	+18	£796
3 mths	£758	+18.5	£823.5
Gold troy oz	$307.5	+5.5	$326.75
Lead Cash	£304	+9	£312.75
3 mths	£314.75	+9.25	£323.25
Nickel	£3052		£3974
Free mkt	240/270c	+10	240/270c
Plat'n'm tr'oy'z	£260		£260
Free Mkt	£185/175		£150.30
Quicksilver†	$365/375	—5	$360/375
Silver troy oz	300.65p	+8.25	335.65p
3 mths	310.15p	+8.75	357.30p
Tin Cash	£6440	+30	£6557.5
3 mths	£6565	+52.5	£6695
Tungsten 22.0 lb	$110.98		$109.01
Wolfrm 22.46 lb	$118/116		$109/113
Zinc Cash	£399	+5	£41.5
3 mths	£399	+7.75	£434.75
Producers	$800		$850/900
Oils			
Coconut (Phil)	$503y	+3	$550
Groundnut	$575u		$610
Linseed Crude	$365		£395
Palm Malayan	$475y	+5	$495
Seeds			
Copra Ph lip	$335	+5	$330
Soyabean (U.S.)	$251.5y		$252.25
Grains			
Barley Fut. Sep	£104.60	—0.65	£104.90
Maize	£137.00y		£137.50
Wheat Fut. Sep	£108.10	+0.10	£109.35
No. 2 Hard Wint			
Other commodities			
Cocoa ship't*	£938	+4	£945
Future Sep	£907.5	+4	£911
Coffee Ft Sept	£1146	+11	£1104.5
Cotton A.Index	71.90c	—0.15	72.40c
Gas Oil July	£278.75		£298.75
Rubber (kilo)	47p	+0.25	54.5p
Sugar (Raw)	£102uw	—2	£111
Woolt'ps 64s Kl	380p kilo		385p kilo

† Unquoted. x Aug-Sept. u June-July. v July-Aug. y July. w Aug. t Per 76 lb flask. * Ghana cocoa. n Nominal. § Seller.

INDICES

FINANCIAL TIMES

June 24	June 23	M'th ago	Y'ar ago
236.36	235.55	240.55	247.55

(Base: July 1, 1952 = 100)

REUTERS

June 24	June 23	M'th ago	Y'ar ago
1516.6	1515.2	1555.9	1752.9

(Base: September 18, 1931 = 100)

MOODY'S

June 24	June 23	M'th ago	Y'ar ago
981.2	980.8	1004.6	1085.3

(December 31, 1931 = 100)

DOW JONES

Dow Jones	June 24	June 22	Month ago	Year ago
Spot	120.9	120.27	126.32	
Fut's	120.64	119.70	127.91	

(Base: December 31, 1974 = 100)

AMERICAN MARKETS

NEW YORK, June 24.

AFTER AN early rally lack of follow-through buying in precious metals and copper resulted in setbacks agravated by adverse economic news. The livestock sector finished lower on massive warehouse liquidation. Coffee advanced on rumours of cold weather moving into major Brazilian production areas. Cotton rallied on continued concern about hot damage to the Texas crop. The soyabean complex was under pressure from adverse demand indications, while maize and wheat rallied on poor weather prospects. Heating oil was lower on bearish stock statistics, reported Heinold.

[illegible]

Wednesday's closing prices

[illegible]

EUROPEAN MARKETS

[illegible]

MEAT/FISH

[illegible]

INTERNATIONAL COMPANIES and FINANCE

Richard Lambert reports on a U.S. airline's fight to keep flying

World Airways bid to pull out of a tailspin

EDWARD J. DALY enjoys a good scrap. A boxer in his youth, he became a media hero in the horrific final days of South Vietnam when he used his fists and his pistol to bring refugees to safety. Now aged 59, he is engaged in another intense struggle — to keep his airline, World Airways, flying.

For a company which has been dripping red ink, World is remarkably confident about its chances. It says it is hopeful of securing a new deal with its creditors and workforce in the near future, and that it could be starting to make profits by the year end. The volume of traffic is picking up, says World, and so are prices.

They need to. Net losses of more than $60m since the beginning of 1980 have cut the airline's net worth to $54m, compared with its net current liabilities of nearly $300m and longer term liabilities of $47m. World is currently seeking to restructure $101m of debt service and rental payments due over the next two years: more immediately, roughly $17m of debt and lease payments must be deferred until next one.

Mr Daly bought the company in 1950—he still owns four-fifths of the shares—and built it up over the next 25 years as a charter operation. It grew fast during the Vietnam War on the strength of contracts to airlift U.S. military personnel, and captured a large slice of the international charter business in the late 1960s and early 1970s.

As early as 1967 it was petitioning the Civil Aeronautics Board for permission to run a U.S. coast to coast scheduled service at a budget fare.

When deregulation came, Daly jumped in with both feet, launching a service early in 1979 to link New York, Newark and Baltimore in the east to Oakland, San Fransisco and Los Angeles in the west. The move into scheduled services was enormously expensive—the company's debt and lease obligations more than trebled to over $300m during 1978, but Daly was confident that his no-frills service would quickly sort out the competition "We'll bury them," he said.

But within a few weeks, the plan was in big trouble. The transcontinental services had been built around DC-10 aircraft, all of which had to be grounded after an accident involving another airline in Chicago.

Mr Edward J. Daly

Shortly after the aircraft were allowed to fly again, World was hit by a four-and-a-half month strike by all its unionised employees. And by the time that was over, the whole U.S. airline industry was in a tailspin brought on by high fuel prices, excess capacity, and the recession.

Competition has been especially cut-throat on the transcontinental route, where the company is up against five established trunk carriers and various smaller operators. Load factors on this service, which account for perhaps half the airline's volume, fell by 32 percentage points to just 48 per cent in the first quarter of this year. The pressure was so intense that Daly lobbied the Civil Aeronautics Board to restore pricing discipline to the market—a request which he admitted was ironic coming from a company with World's history. The petition was crisply dismissed.

The airline now suggests that this first quarter may have marked a low point. It claims that load factors have been building up for the summer season, and could exceed 70 per cent for the month of June. At least as important, fares on the transcontinental service have climbed by as much as a quarter or more since the spring.

The airline got another boost the other week when it succeeded in leasing out one idle Boeing 747 and two DC-8s. That leaves it with two surplus DC-8s and an operational fleet of eight DC-10s and three Boeing 747s. With these, World runs scheduled services across the Continent and to Honolulu, London and Frankfurt, and it still has a sizeable charter operation, which in some respects recalls its colourful past.

Military contracts accounted for about a quarter of total revenues in the first quarter of the year, and at the moment the airline does a brisk business in transporting refugees from South-East Asia and Moslem pilgrims during the annual Hadj.

Negotiations with the 40 or so creditors reach a technical deadline to day: World says that the talks will automatically be extended if final agreement is not reached.

It is also approaching a key moment in its attempt to persuade employees to take pay cuts of 10 to 20 per cent. The pugnacious Mr Daly has already given back half of his last year's salary, and says he is now probably the lowest paid chief executive of any company listed on the big board. The next week or two may determine whether it has all been worth while.

Round One for Ali and the Sheikh

A WEALTHY Arab sheikh and former world heavyweight boxing champion Muhammad Ali have joined forces as principal shareholders in Pavillion Foods, a small public company based in Virginia, AP reports from Golden Beach, Florida.

Sheikh Tarek Al-Fassi plans to use his wealth and Ali's fame to stimulate rapid growth for the firm, which will become *Al-Fassi-Ali Consortium Inc*, at a special stockholders meeting on June 30.

"With Sheikh Al-Fassi's immense wealth and the recognition of Ali, virtually any door can be opened," says Mazen Sukkar, the Sheikh's senior administrator.

Mr Richard Hirschfeld, Ali's attorney, said Pavillion Foods was just the kind of company the Sheikh and ex-boxer were looking for — "a small public company with tremendous growth potential."

Pavillion, which owns 46 per cent of a $44m hotel complex planned for Virginia Beach, has seen the value of its stock rise from 1 cent a share to about 14 cents a share in the past year.

Since the Sheikh and Ali joined forces, Pavillion has purchased Commonwealth Group, a Virginian-based word-processing and publishing firm, for $1.7m.

Sukkar, who will become executive vice president of the consortium, declined to say how the Sheikh and Ali met or how long they have known one another.

"They're two religious people and have a common way of thinking," he said. "We always had respect for Ali. We were waiting for the right deal to come along. We just put it together."

Contrasting fortunes for two major U.S. food groups

BY OUR FINANCIAL STAFF

BEATRICE FOODS and Pillsbury, two major U.S. food groups, have reported sharply differing results for their latest quarters.

Chicago-based Beatrice suffered a 7.5 per cent fall in net operating earnings to $71.3m from $77.1m for the first quarter ended May 31.

Profits per share were 68 cents against 74 cents undiluted. Sales rose by 2.2 per cent in the quarter to $2.28bn from $2.23bn a year earlier.

Earnings would have been slightly higher than a year earlier were it not for the effect of three factors which trimmed 7 cents a share. These were higher interest costs and amortisation costs associated with some recent take-overs in the beverage sector, and foreign currency translations.

The company, which derives more than three-quarters of its revenues *from food products*, expects net operating income for the full year to be higher than the $3.02 a share achieved in fiscal 1982.

Pillsbury, in contrast, achieved a 29.6 per cent rise in fourth quarter net income to $39.4m, or $1.81 a share from $30.4m, or $1.51 a year earlier. Sales rose 5 per cent to $906.7m.

This represented a sharp acceleration in growth for the Minneapolis-based company in the last three months of the year ended May 31. Net profits for the full year rose 14 per cent to $136.3m on a 2 per cent increase in sales to $3.39bn.

Profit improvements in the restaurant operations of Steak and Ale, Bennigan's and Burger King were a major factor in the results, Pillsbury said.

Lower interest costs and better earnings from consumer food operations also helped.

Weak commodity prices and excess transport capacity continued to hurt the earnings of Pillsbury's grain merchandising operation.

BASF maintains first half sales

BY OUR FINANCIAL STAFF

FIRST-HALF group sales of BASF, the West German chemical company, totalled DM 16.3bn ($657.3m), barely changed from the DM 16.2bn posted for the same period last year. The parent company, however, bosted turnover by 17 per cent to DM 7.6bn from DM 7.13bn in the same period, bringing some cause to expect real growth this year.

Herr Matthias Seefelder, BASF managing board chairman, told shareholders yesterday that the company did not see any sign of recovery this year in the domestic economy, although U.S. business prospects could improve.

"We won't wait for a prospective recovery to free us from our structural problems," said Herr Seefelder, adding that BASF could still come up with satisfactory 1982 results.

The flat group turnover was attributed to a decline in sales for the company's U.S. units as well as its Rheinland Olefins plants and its Winterhall petroleum unit. Group volume is also running considerably under the 1981 level.

While internal structural changes have started to make headway against the worldwide standard plastics glut, conditions have continued to worsen for BASF's refining operations.

Oil production earnings can no longer offset refining losses, but Herr Seefelder said stabilising prices on world oil markets added, however, that it would take a major effort to raise Winterhall's results back to the group norm.

Herr Sefelder also said yesterday that BASF will continue to rationalise its commodity plastics operations, but it opposes EEC involvement in the search for a Europe-wide solution to the problem of overcapacity.

Eurobond prices rally on New York improvement

BY PAUL TAYLOR

PRICES throughout the Eurobond markets were marked higher yesterday — in some cases by more than 1 percentage point — bringing slight relief to the otherwise beleaguered markets.

In the Eurodollar sector prices were marked up by about ½ a point in quiet trading. Dealers warned, however that it was too early to tell whether the improvement marked a real turning point in the otherwise depressed market.

A more likely explanation, they suggested, was that the market was reacting to the drastic shake out of the past four weeks, encouraged by a marginal improvement in the New York market on Wednesday.

Euro D-Mark bond prices were also marked up by between ¼ and ½ a point in moderate trading reflecting the New York improvement and a marginally weaker dollar.

Gillett Overseas Finance came to the market with a SwFr 45m six-year private placement carrying a coupon of 6¾ per cent and priced at par. The issue is lead managed by Swiss Bank Corporation.

In the Eurodollar market the Canadian Imperial Bank of Commerce (CIBC) $200m 12-year floating rate note, which bears a minimum coupon of 5¼ per cent and a margin of ¼ per cent over the mean of the six-month bid and offered rates, was launched as expected.

● Samuel Montagu last night disclosed details of the new $75m private placement floating rate note for Banque Nationale de Paris. The 12-year paper bears a spread of ¼ per cent above the London interbank offered rate (Libor). There are investor redemption options after five and eight years and the borrower may call the notes back after the fifth year.

Caterpillar debt rating reduced

By Our Financial Staff

DUFF AND PHELPS, the Chicago-based rating agency, has cut its rating of Caterpillar Tractor senior debt to D and P three from D and P two.

The earthmoving and construction equipment maker's subordinated debentures are rated one step lower at D and P four.

American General makes further offer for NLT

BY OUR NEW YORK STAFF

AMERICAN General, the 12th largest U.S. insurance company, has offered to pay $46 a share for NLT, the Nashville-based insurance group, in a transaction worth nearly $1.6bn.

The offer is dependent on approval from the NLT board. At the same time, American General, based in Houston, has started its hostile $38 a share bid for NLT.

The moves are the latest in the takeover battle between the two insurance companies in which NLT has sought to defend itself from American General's unsolicited advances by making a counterbid for the bigger group.

Only a week ago, NLT raised its cash tender offer for American General from $50 to $55 a share, but left unchanged its $40 tender offer for all shares of the company's 1980 convertible junior preferred stock.

American General said its latest $46 a share offer represented about a 100 per cent premium over the average share price of NLT's shares during the first three months of this year.

The offer involves $46 a share in cash for 15m NLT shares, and an exchange of convertible preferred stock with an approximately similar market value for all remaining NLT shares.

American General plans to leave the offer open for 90 days to give NLT's board time to consider it fully.

If th hostile $38 a share tende

If the hostile $38 a share tender offer is completed, American General intends to propose a merger with NLT where the remaining NLT shares would be exchanged for non convertible fixed income securities.

The Houston company also said its board had approved a term loan agreement with 14 banks worth $1bn.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday July 13.

Closing prices on June 24

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 15 88/97	150	98⅞	98⅞	+0⅛	−1⅛	15.44
Amax Int. Fin. 16⅛ 92	75	96⅞	96⅜	+0⅛	−3⅛	17.04
Amex O/S Fin. 14⅞ 89	75	93⅛	93⅝	+0⅛	−1⅛	16.87
APS Fin. Co. 16⅛ 89	75	98⅞	99	+0⅛	−1⅛	16.60
ATT 14⅞ 89	400	99⅝	100⅛	+6⅛	−0⅛	14.24
Bakar Int. Fin. 0.0 92	225	†24⅝	24⅞	+0⅛	−6⅛	15.60
BHP Finance 14⅞ 89	150	93⅞	94⅛	+0⅛	−1⅛	16.23
Bk. Amer NT SA 12 87	200	88	89⅛	+0⅛	−1⅛	15.61
Bk. Montreal 14⅞ 87	100	94⅞	95⅛	6	−2⅛	16.06
Bque. Indo Suez 15 89	100	93⅞	94	+0⅛	−2⅛	16.56
British Col. Hyd. 14⅞ 89	200	95⅛	95⅞	+0⅛	−2⅛	15.87
Burroughs Int. 15⅞ 88	50	98⅞	99⅛	+0⅛	−1⅛	16.00
Canadair 15⅞ 87	150	98⅛	99	+0⅛	−0⅛	15.82
Canadian Pac. 14⅞ 92	75	93⅞	93⅞	+0⅛	−2⅛	15.93
Carolina Power 16⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CIAC 16 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp O/S 15 84/92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp O/S 15⅞ 85/97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CNA 15⅞ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Con. Illinois 15⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Duke Pwr. O/S 15⅞ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dupont O/S Cap. 0.0 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECSC 14⅞ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 15⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eksportfinans 14⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gen. Elec. Credit 0.0 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gen. Elec. Credit 0.0 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Getty Oil Int. 14 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GMAC O/S Fin. 16 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GMAC O/S 16⅞ 85/87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GMAC O/S Fin. 15 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gulf Canada Ltd 14⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gulf Oil 14⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gulf Oil Fin. 0.0 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gulf States O/S 16 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Int-Am. Dv. Bk. 15⅞ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan Dev. Bk. 15⅞ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Brunswick 16⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ontario Hydro 14⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pac. Gas & El. 15⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
J. C. Penney Gl. 0.0 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Phillips Petrol 14 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
R.J. Rynlds. O/S 0.0 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Saskatchewan 16⅛ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shell Canada 14⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain 16⅞ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Superior O/S Fin. 14 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swed. Expt. Cr. 15⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swed. Exp. Cr. 14⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swed. Exp. Cr. 0.0 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Texas Eastern 15⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Union Carbide 14⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Wells Fargo I. F. 16 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 15⅞ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 14⅞ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day +0⅛ on week −1⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 8⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia 8⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia 8⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia 8⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Barclays O/S In. 8⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada 8⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Comp. Tel. Esp. 10⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cred. Foncier 8⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark 10 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark 10⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EDF 8⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EEC 8⅞ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 8⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 9⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Int.-Am. Dev. Bk. 9 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nacl. Financiera 11 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Philip Morris 8⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quebec 10⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Renfe 10 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SNCF 9⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tauernautobahn 8⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 8⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 8⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day +0⅛ on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 6⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian Dev. Bank 7 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria 7⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia 6⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cdn. Nat. l'Energ. 7 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CFE-Mexico 8 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Co-op. Denmark 8⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Crown Zellrb. 6⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Europarat 7⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ind. Fund Finland 8⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan Dev. Bank 6 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kobe City 6⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kommunlaan 7⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Manitoba 7⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mitsui OSK 6⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
National Pwr. Co. 6 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand 6 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 7 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ont. Postspar 7⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Philip Morris 6⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Philip Morris 6⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quebec 7⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Renfe 7⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Seibu Pr. 5⅞ 92 WW	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Soc. Lux. de Cnt. 8⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tiroler Wasser 6⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Vorarlberg Krft 6⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day +0⅛ on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
EIB 8⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Int.-Amer. Dev. 8⅞ 81	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan Airlines 7⅞ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand 8⅞ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 8⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day 0 on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 18 89 C$	100	†96⅞	96⅞	0	−0⅛	18.95
Can. Pac. S. 16⅞ 89 C$	50	†96⅞	97⅛	0	−1⅛	17.10
Crd. Foncier 17⅞ 89 C$	30	†98⅞	99	0	−0⅛	17.41
Hudson Bay 17 89 C$	40	†93⅞	94	−1	−5	18.64
OKA 16⅞ 88 C$	63	†94⅞	95	−0⅛	−0⅛	17.74
Q. Hyd. 16⅞ 89 (My) C$	50	†98⅞	99	0	−0⅛	16.79
Quebec Prov. 16⅞ 89 C$	50	†98	98⅞	0.	−0⅛	18.38
U. Bk. Nwy. 9⅞ 90 EUA	12	90⅞	91⅞	−0⅛	+1⅛	11.32
Amro Bank 10 87 Fl	150	98⅞	99	+0⅛	−0⅛	10.29
Bk. Mees & H. 10 87 Fl	75	97⅞	98⅞	+0⅛	−6⅞	10.50
Eurofima 10⅞ 89 Fl	50	95⅞	95⅞	+0⅛	−0⅛	10.56
Ireland 10⅞ 87 Fl	75	97⅞	97⅞	−0⅛	−1⅛	11.13
Phil. Lamps 10⅞ 87 Fl	100	99⅞	99⅞	+0⅛	−6⅛	10.33
World Bank 10 87 Fl	160	97⅞	97⅞	+0⅛	−0⅞	10.63
OKB 14 86 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Solvay et C. 14⅞ 86 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Acona 14 85 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Beneficial 14⅞ 90 £ (D)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BNP 13⅞ 91 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CECA 13⅞ 88 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fin. Ex. Cred. 13⅞ 86 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gen. Elec. Co. 12⅞ 89 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hiram Walker 14⅞ 86 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Privatbanken 14⅞ 88 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quebec 15⅞ 87 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Reed (Nd) NV 16⅞ 89 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Royal Trustco 14 86 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR France 15⅞ 92 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swed. Ex. Cr. 13⅞ 86 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eurofima 10⅞ 87 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 9⅞ 88 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish 5⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bk. of Tokyo 5⅞ 91 (D)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bk. Nova Scotia 5⅞ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BFCE 5⅞ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BFCE 5⅞ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BNP 5⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BNP 5⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Caisse Nat. Tele. 5⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CCCE 5⅞ 2002	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CEPME 5⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Chemical NY 5⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cont. Illinois 5⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit Agricole 5⅞ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit du Nord 5⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit Lyonnais 5⅞ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit Nat. 5⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark, Kngdm. of 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland 5⅞ 89/94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kansallis Osake 5⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lloyds Eurofin 5⅞ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Long Term Cred. 5⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
J. P. Morgan 5⅞ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nat. West. Fin. 5⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand 5⅞ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Credit 5⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Offshore Mining 5⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PKbanken 5 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Scotland Int. 5⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sec. Pacific 5⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Societe Generale 5⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Standard Chart. 5⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden 5⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Toronto Dom'n 5⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day +0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 6⅞ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bow Valley Inv. 8 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bridgestone Tire 5⅞ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canon 6⅞ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Chugai Pharm 7⅞ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fujitsu Fanuc 4⅞ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Furukawa Elec. 5⅞ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hanson O/S Fin. 9⅞ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hitachi Cable 5⅞ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hitachi Cred. Cpn. 5 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Honda Motor 5⅞ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Inchcape 8 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kawasaki 5⅞ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marui 6 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Minolta Camera 5 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Murata 5⅞ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NKK 6⅞ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Chemi-C. 5 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Electric 5⅞ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Orient Finance 5⅞ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sanyo Electric 5 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sumitomo Elec. 5⅞ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sumitomo Met. 5⅞ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Bk. Cpn. 6⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Konishiroku 6⅞ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mitsubishi H. 6 89 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

New structure planned for Bell Canada

By Robert Gibbens in Montreal

BELL CANADA, the eastern Canada telecommunications utility, plans to reorganise its corporate structure.

A new, non-regulated holding company Bell Canada Enterprises, will be set up as the parent of Bell Canada itself and of 80 other subsidiaries and associates operating in non-regulated businesses. Bell Canada will remain the government-regulated telephone service company.

Existing Bell Canada stockholders will swap their shares one for one for shares of Bell Enterprises. Bell Canada, the subsidiaries and associates will each operate independently, while Bell Enterprises will become the umbrella company for the group, and will be in charge of overall development strategy.

Bell says the changes are designed to make a clear separation between regulated and non-regulated businesses and to put Bell's fast expanding telecommunications equipment businesses in a better position to compete.

The proposed reorganisation will not require the approval of the Canadian Radio-Television and Telecommunications Commission, according to Mr A. J. de Grandpre, Bell's chairman. But Bell has attempted to satisfy CRTC requirements, he said.

$2m losses at A. G. Becker

By Our New York Staff

A. G. BECKER, the New York securities firm part owned by S. G. Warburg and Paribas, lost around $2m in the eight months to end June. But the company firmly denies that it is suffering from deeper financial problems.

In a statement aimed at allaying market rumours, Mr Ira Wender, Becker's chief executive, said that the firm was making profits on its bond trading business but had suffered losses on its broking side where individual investors had been keeping out of the market in recent months.

Becker's total capital after the loss was put at around $150m. Becker's generated revenue of about $170m in the comparable period last year.

As a result of the downturn in business, Becker laid off about 250 employees between mid-March and May and is now left with roughly 2,800.

Olivetti turnover and orders rise

BY JAMES BUXTON IN IVREA

OLIVETTI, the Italian data processing and office equipment maker, achieved a 27.2 per cent rise in group turnover to L1,871bn ($1.3bn) in the first five months of 1982. Orders rose by 14.9 per cent.

Sig Carlo de Benedetti, Olivetti's vice-chairman and chief executive said he did not expect profits this year to be as high as those of 1981. Markets were suffering the effects of world recession, and it was difficult to foresee when recovery would come.

Olivetti, which is Europe's largest company in its field, and the eighth largest in the world, was presenting its 1981 accounts for the group. For the first time they have been prepared on a consolidated basis, certified by auditors.

The accounts showed the group's net profit, on turnover of L2,887.9bn was L95.6bn, slightly down on 1980's L104bn. Turnover was up 32.5 per cent, partly due to the inclusion of newly acquired subsidiaries.

Operating profit was L356.4bn. About L174bn, was absorbed by financial charges and L54.3bn in tax.

Ing C Olivetti, the parent company, earlier this year announced record profits of L87.8bn, some 75 per cent up on 1980, with turnover of L1,362bn.

Sig de Benedatti described the group profits as "extremely modest" in comparison with turnover. But they were much better than those of Olivetti's European competitors, and represented a continuation of the major turnround in the fortune of the group since he took over management in 1978.

He showed the company had changed to being a predominantly electronics based concern from a manufacturer of office equipment. In 1978 exactly half its group turnover consisted of distributed date processing and office automation products. In 1981 that proportion was 66 per cent.

This was mainly due to the enormous growth of sales of the Olivetti electronic typewriter, and electronic writing systems. They made up 5 per cent of sales in 1978, but 19.2 per cent in 1980, when sales of these products rose 33 per cent. Olivetti had 28 per cent of the world market, which Sig de Benedetti believed was the single largest share.

Although about half Olivetti's 53,500 employees were in Italy, only a third of its sales were there, and just over two thirds in Europe. Sig de Benedetti also pointed out that Europe's share of data processing and office equipment products traded with other world trading blocks had fallen from 28.9 per cent in 1970 to 19.7 per cent in 1980, at the expense of Japan and other countries outside Europe and North America.

Olivetti is the first major private sector group in Italy to present consolidated and certified accounts. Major quoted companies are required by the Consob, the stock exchange regulatory authority, to do so in 1983, for the 1982 financial year, but Olivetti has produced its books a year early. Its accounts were certified by Arthur Andersen, the U.S. firm.

Sig. Carlo de Benedetti, vice-chairman and chief executive of Olivetti, which presented consolidated ...and ...certified accounts for 1981 — a year earlier than required

Store chain saving plan rattles bankers

By Our Copenhagen Correspondent

A SAVINGS plan started by IKEA, a chain of furniture shops, has rattled Danish bankers.

The company offers a rebate to customers who save with them. The discount is calculated monthly and is equivalent to 15 per cent a year.

Mr Thomas Brandt, managing director said yesterday, "we have had more than 3,000 inquiries about the scheme since it was introduced two days ago. We think it will help people who find it hard to save up for things in the normal way.

"If the customer does not want to buy anything from us he is welcome to have his cash back but there is no interest. We only give the rebate when there is a sale involved," he said.

"This is not an alternative to banking but an offer to cash customers who know they will need to buy some furniture in the next few years."

The banks do not see it that way and are closing ranks to fight off what they consider an attack on their territory. Mr Hans Paaschburg, chairman of the Danish Banks Association, said the commercial banks and the savings banks were strongly opposed to IKEA's scheme.

"If every shopkeeper in the country becomes a deposit taker it will hurt us," said Mr Paaschburg. "And as soon as one retailer starts something like this they will all have to follow suit."

It is not just the banks which are concerned. Mr Mogens Lykketoft, Tax Minister, is also looking at the position.

IKEA launched an advertising campaign to boost the savings plans yesterday. The banking board of control said it thought such advertising was a breach of the banking law.

Understandably, Mr Brandt cannot see any problem: "We have been in touch with the banks since January and in our opinion we are not breaking any laws. If they want us to provide guarantees that customers' money is safe we will do that. We will co-operate in any way but we won't stop the scheme."

Loss forces Dutch building group to prune workforce

BY WALTER ELLIS IN AMSTERDAM

VERENIGDE NBM-Bedrijven (NBM) one of the biggest Dutch construction companies, is in trouble with its banks and planning to cut jobs and abandon several loss-making activities.

The banks—ABN, AMRO, Mees en Hope, NMB and Van Lanschot—are understood to be startled by the extent of the companies losses which reached Fl 32m ($11.7m) in 1981. They believe that only drastic pruning will enable the company to continue trading beyond the end of this year.

Another Dutch company facing possible bankruptcy proceedings if something is not done quickly is Unikap, the bicycle manufacturer, which last year incurred a deficit of Fl 11m. Unikap's creditors have granted it an 18-month stay of execution, but the long-term future of its 350 workers is in doubt.

Bankruptcy in the Netherlands, as elsewhere, is on the increase. In 1981, a total of 6,865 small and medium-sized companies were forced out of business—a rise of 40 per cent over 1980—and the situation in the first five months of this year has worsened. If the present trend continues, a further 8,500 companies will be in the hands of the receiver by December.

Larger companies naturally have greater resources and can often respond to difficult trading conditions first with job-shedding and shorter hours. They also have a bigger claims on the banks and are therefore less likely to be rapidly forced into closure by creditors.

The case of NBM illustrates, however, that a large concern can be obliged to take certain measures if it is not to go bankrupt. NBM employs 3,500 workers and is engaged not only in building but in brick manufacture and piping. The enduring recession in construction has made trading conditions increasingly difficult, and a restructuring plan drawn up two years ago has proved only partially successful. NBM has asked the civil courts to permit it to defer payment of certain debts for an unspecified period and has arranged separate credit arrangements for the healthier parts of the company.

With losses continuing this year, NBM has announced this week that 1,000 workers were to be made redundant.

This year, NBM expects sales to fall from last year's Fl 1bn to about Fl 600m, and if the latest emergency remedies fail bankruptcy must be seen as the inevitable consequence.

Unikap is also seeking a moratorium on debt repayments. Managing director, Mr G. Kaper, man, forecasts a loss in 1982 of between Fl 1m and Fl 2m, but expects a return to profit in 1983.

Skis Rossignol falls into the red

BY DAVID WHITE IN PARIS

SKIS ROSSIGNOL, the French sports equipment group, tumbled FFr 26.9m ($3.9m) into the red in the year ended March, 1982, but expects to get back on its feet in the current year.

M Laurent Boix-Vives, chairman of the one-time star performer of the Paris stock market, said the group would break even again in the current financial year. Losses of its U.S. subsidiary, which reached $6.3m in 1981-82, would be brought down to about $1m. The tennis racket division, launched in 1976, would bring in a profit for the first time, he said.

Last year Rossignol dropped most of its cheaper models of racket, with the result that the volume of sales fell by almost a third to 225,000.

Recovery measures had led to a 20 per cent reduction in the workforce over the last two years (notably in the U.S.), a reduction of stock levels and a cut in financial charges.

The group's strategy would be based on "a revision of our industrial capacity so as to adapt it better to demand."

Turnover after increasing by 12 per cent to FFr 959.5m in 1981-82, would remain above FFr 900m in the current year. The group's world market share in skis, which make up three-quarters of turnover, rose to 27.4 per cent in value terms from 24.6 per cent.

Italimpianti president resigns in protest

BY RUPERT CORNWELL IN ROME

SIG Lucien Sicouri, one of the best known of Italy's public sector managers, has resigned from the presidency of Italimplanti, the Finsider steel subsidiary which be built up into one of Europe's most successful plant process groups.

His move is understood to be in protest at the formation of a new holding company—Impiantistica Industriale—to take control of all the plant processing operations of the IRI group, to which both Italimpianti and Finsider belong.

Sig Sicouri, 58, has always insisted that the freedom of manoeuvre of the company was a key to its success. The decision to set up the holding company was "anachronistic and wrong," he said. He is also disappointed that an Italimpianti executive has not been chosen to head the new concern.

In his 15 years at Italimpianti, Sig Sicouri has seen it grow into a group with sales of L921bn last year, and orders of about L2,500bn ($1.8bn). Unlike most of the state sector it has been consistently profitable, reporting earnings of L6.3bn in 1981.

Soft loans for French small businesses

By Our Financial Staff

THE French Government is to offer soft loans to small businesses which may be harmed by the wage and price freeze beginning next month.

Under a plan outlined by the Economics Ministry, small corporations, employing no more than 500 workers, could qualify for short term credits, which will be offered by the state and nationalised banks.

The direct state loans will bear a maximum interest rate of 10 per cent, while banks will be allowed to offer credits at 2 percentage points above the base lending rate, currently 14 per cent.

Loans will be limited to a maximum of FFr 4m ($580,000) for each company, while the length of the credit will vary according to need with a maximum repayment term of 18 months.

Only thosa businesses that can show that their operations are severely harmed by rising costs during the July-October price freeze will qualify for the special credits.

The measures would primarily involve small industries that rely on products immune to the Government's price freeze. These include imports, agricultural goods and energy products.

Ambrosiano links lead to probe of Swiss bank

BY JOHN WICKS IN ZURICH

THE SWISS Federal Banking Commission has had talks with Gotthard Bank on "possible repercussions in relation to the events concerning Banco Ambrosiano."

The troubled Milan bank, which is currently being run by a commissioner appointed by the bank of Italy and the Italian Treasury, has a 70 per cent stake in Banco Ambrosiano Holding (Luxembourg), which in turn owns 45 per cent of the Lugano-based Gotthard Bank.

In a communique issued yesterday, the Swiss Banking Commission says it is satisfied with explanations and documentation presented by Gotthard Bank and will take no further measures.

The Swis bank has stated that it is entirely Swiss-managed

Sharply higher earnings for Norgas

By Fay Gjester in Oslo

NORGAS, the Norwegian pharmaceuticals, offshore services and industrial group, reports sharply higher earnings in the first four months of 1982, compared with the same period last year. Profits before taxes and allocations were NKr 45m ($7.6m) — NKr 16.4m higher than in January-April 1981.

Turnover in the four months reached NKr 571m, up NKr 173m on a year earlier. Increases in sales were most marked in the divisions for industrial gases, pharmaceuticals and protective equipment. Unitor Ships Service, a marine services company in which Norgas holds a 43.8 per cent stake, also contributed.

Last month, Norgas A/S, the group's parent company, increased its share capital to NKr 144.6m from NKr 124.6m through a private placement on the UK market of 800,000 new shares. With a par value of NKr 25 each, the shares were sold for NKr 140, each, and the profit on the issue — about NKr 90m — is being put to reserves.

CONTRACTS

£10m orders from NCB

Orders worth a total of £10.1m have been placed by the National Coal Board.

Mineral cutting tools for use underground on coal cutting and heading machines, for the period July 1 1982 to June 30 1983. Total estimated value is £5.6m and the business has been awarded to: ANDERSON STRATHCLYDE; HALL AND PICKLES; MARWIN MINING TOOLS; PADLEY AND VENABLES; TUNGSTEN CARBIDE DEVELOPMENTS; and WIMENT MINING.

Fire resistant flexible ventilation ducting and fittings and fire resistant wire reinforced ventilation ducting and fittings for ventilation for the period July 1 1982 to June 30 1983. Total estimated value is £3.1m and the business has ben awarded to: AMCO PLASTICS; DOWTY MECO; FLEX ADUX PLASTICS; and GENERAL MINING AND ENGINEERING COMPANY.

Hook-type lagging panels for lining underground roadways, for the period August 1 1982 to July 31 1983. Total estimated value is £1.4m, and the business has been awarded to: BRC ENGINEERING COMPANY; LOTHIAN REGIONAL COUNCIL; TINSLAY WIRE; and GRIDWELD.

★

BABCOCK-MOXEY, Gloucester, part of Babcock International, has been awarded a coal handling contract valued at between £7 and £8m for the National Coal Board. It is for the manufacture, supply, delivery, erection and commissioning of the run-of-mioe and washed products conveying systems for the south side project, Grimethorpe Colliery, Barnsley area. The new plant will involve three milea of conveyors and supporting structures which will carry coal from the new mine drift to a new coal washery. The coal will then be conveyed from the washery to ooe of the train loading stations, one existing and one yet to be built. The complete system will include fabrication and erection of some 4,000 tonnes of steelwork. All belt conveyors and transfer bouses will be sheeted to ensure a minimum of dust pollution to the neighbouring environment. Work has started and is scheduled for completion by the end of 1983.

★

VAUXHALL MOTORS has received a £6m order for almost 500 of the latest Bedford 4-tonne M-tyle all-wheal-drive trucks from the Ministry of Defence. Features of the new M-type include the replacement of the multi-fuel engine with a more fuel-efficient turbocharged 5.4 litre diesel engine. The wide-ratio gearbox fitted to the earlier models is also superceeded with e close-ratio box to match the characteristics of the turbocharged engine. Both front and rear axle torque capacities have been increased to match the higher engine output, and the brakes have been revised to meet all known future EEC and MoD requirements.

★

Orbit Electronics is to instal ICL point-of-sale terminals to handle daily sales and stock control of home entertainments products in its new High Street showrooms. Initial order placed with International Computers is valued at over £150,000. It includes 38 of ICL's new 9507 point-of-sale terminals and 36 ICL 9526 terminal controllers.

★

RENOLD POWER TRANSMISSION has been awarded four contracts, worth about £410,000 in total, for the manufacture and supply of conveying chain and steel wheels for tha Ford Motor Company, for incorporation in assembly conveyors at Halewood and Dagenham car plants.

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Sharp rise at Toyota sales arm

BY OUR FINANCIAL STAFF

TOYOTA MOTOR Sales has reported a 25 per cent rise in consolidated net earnings for the year ended March, because of the sale of shares in its sister production company, Toyota Motor.

An extraordinary gain of Y25.2bn was made on the sale of the shares to Toyota Motor to help achieve the merger of the companies. From July 1 the combined company will be called Toyota Motor Corporation.

Including the gain, Toyota Motor Sales' group net profits were Y39.49bn ($158m), up from Y31.52bn a year earlier.

Group sales rose by 9.5 per cent to Y4,048bn ($16.2bn). Pre-tax profits rose by 15 per cent to Y68.9bn.

The results were in line with the parent company figures published in May which showed a 22 per cent rise in net profits to Y38.1bn on a 9.7 per cent rise in sales.

Group car sales rose by 10 per cent in the last fiscal year to Y3,494bn but fell in volume terms by 1.9 per cent to 3.19m units. Exports fell by 7.3 per cent to 1.67m units, reflecting restraint agreements in North America and Europe. Domestic sales rose by 4.8 per cent to 1.52m units.

Earnings advance at Toyo Kogyo

BY YOKO SHIBATA IN TOKYO

TOYO KOGYO, Japan's third largest car manufacturer, reported a 13.5 per cent rise in net profits at the parent company level to Y10.66bn ($41.7m) in the first-half ended April 30.

A higher proportion of upgraded models in its range, sold under the Mazda trade name, and improved export profitability, helped by the depreciation of the yen in the foreign exchanges, lay behind the improvement.

First-half operating profits improved by 10 per cent to reach Y21.2bn. Sales of Y590.27bn ($2.3bn) were up by 1.5 per cent. Profits per share for the half-year were Y13.73, against Y12.80.

Sales fell by 13,764 vehicles to 609,378, representing a 14 per cent fall in value terms. Car sales rose by 13,810 to 440,364 units to show an 8 per cent gain in value terms, and to account for 63 per cent of total sales. This improvement was attributed totally to buoyant domestic sales of Familia models.

Truck sales declined by 27,573 vehicles to 169,014, and by 17 per cent in value terms to account for 18 per cent of total turnover.

Vehicle exports fell by 22,215 units to 417,300, mainly because of lower truck sales. Exports rose, however, in value terms, to take a 63 per cent share of total turnover. Export sales included 39,020 vehicle kits—up 2,999—for Ford Motor of the U.S., which has a minority stake in the Japanese company.

Toyo Kogyo shifted its sales stress to the Middle East (up by 28 per cent in the half) and Oceania (up 36 per cent), using Ford's sales networks. This compensated for a 10 per cent fall in European sales and a 19 per cent decline in North American sales arising from voluntary restrictions on exports to these regions.

In the current half-year, the company expects car sales to match the first-half level, to give a full-year total of 1.22m units, compared with 1.24m last year. Operating profits in the half are also expected to equal first-half levels.

Full-year operating profits are put at Y43bn, up 5 per cent, on full-year sales of Y1,190bn, up 3 per cent.

Strong profits and sales growth at James Hardie

BY OUR FINANCIAL STAFF

JAMES HARDIE INDUSTRIES, the diversified Australian industrial and building materials group, has lifted net earnings by 21 per cent to A$41.09m (US$42.4m) for the year ended March 31 from A$33.85m.

Turnover rose by 27 per cent to A$955.98m from A$749.89m a year earlier. A final dividend of 11 cents a share (unchanged from a year earlier) was declared making a total of 22 cents (against 21 cents) for the full year. The company also announced a one-for-four scrip issue.

Mr D. K. Macfarlane, managing director, said he was confident the rate of progress can be maintained this year despite a slow start.

The company experienced a somewhat slower rate of growth in the second half-ended March than it had in the first half.

Despite diversification into such products as packaging, the company still derives more than half its revenue from building products.

New Zealand insurance group ahead by 25%

BY OUR FINANCIAL STAFF

NEW ZEALAND South British Group, the New Zealand-based insurance company, has reported a 25.5 per cent increase in net profits to NZ$40.9m (US$30.8m) for the year ended March. Total revenues rose by 7.3 per cent to NZ$544.6m.

The board said operations in Australia, which account for 48 per cent of the group's activity, reported a loss for the year because of severe competition.

Asian operations showed "excellent" returns while business in New Zealand and elsewhere was satisfactory.

The company is the result of the merger in June 1981 of New Zealand Insurance Company and South British Insurance Company.

For the six months ended September it reported a net profit of NZ$20.9m. This included, however, underwriting losses totalling NZ$18m, more than double those a year earlier.

The full-year results were in line with the forecast at the interim stage of a similar second half.

Jonathan Sharp in Bangkok finds an Asian flag carrier undismayed by a sharp fall in profits

Thai Airways plots a course for recovery

THAI AIRWAYS INTERNATIONAL, the national flag carrier, held on to a profit, if only a modest one of 39m baht ($1.7m), in the year ended September 1981, but claims grounds for optimism despite these earnings representing a 63.6 per cent fall from 1979-80's 107m baht and a 92.4 per cent decline from the record 516m baht of 1978-79.

The optimism is also expressed despite profits this year being expected to show little if any recovery, and without the airline foreseeing a substantial improvement in 1982-83.

Over the past two years the airline has been buffeted by much the same combination of factors, including fuel price rises, as has blighted the industry worldwide. Nevertheless, it is Thai's boast that for the past 17 years it has remained in the black, if, latterly, only just.

Mr Chatrachai Bunya-Ananta, the government-owned airline's vice-president for marketing, insists that Thai has a lot going for it—more than just its unquestionably charming stewardesses and the free drinks that are served on many flights.

"The past few years have seen the rapid emergence of new carriers in developing countries that are making inroads into the traffic of the long-established airlines," he says, and predicts that this trend will continue.

The main reason for optimism, Mr Bunya-Ananta says, is the relatively low labour costs in Thailand and other developing nations. Thai Airways' wage bill, he argues, is at least 10 per cent lower than it would be in Western Europe.

Despite the world recession Thai and its two main rivals in the region, Singapore Airlines and Hong Kong-based Cathay Pacific Airways, were expanding, while most North American and European carriers were at a standstill or in the process of retrenchment.

Thai, which was formed in 1960, now has 20 aircraft flying to 34 destinations in 27 countries. In the first six months of the current financial year, the airline recorded modest increases in passenger and cargo traffic.

The airline has embarked on a campaign to cut costs at every level and improve productivity.

The concern is committed to taking delivery of three new aircraft—two Airbuses and a Boeing 747—in 1984, but may seek a postponement. The Airbuses are to join a fleet of 10 already in service for Thai, but are not planned to increase the size of Thai's fleet, as they are to replace two ageing DC-8s which the airline plans to discard.

Mr Bunya-Ananta also sees a need to attract more, high-yielding, business traffic. At present about 90 per cent of Thai's passengers are tourists, whereas some airlines in the U.S., for instance, carry roughly equal proportion of passengers on business and on pleasure.

But Mr Bunya-Ananta maintains, at the same time, that the biggest long-term problem for relatively small carriers, like Thai, with little international clout, is likely to be protectionism on the part of other countries. He is critical of Britain, for example, although it earlier this month negotiated an agreement with Thailand phasing out some of the capacity and stopover restrictions on Thai's three weekly flights to London.

Thai would like to take the risk of increasing flights between Bangkok and London, and would offer expanded rights for British Airways to fly to Thailand, Mr Bunya-Ananta says, but it had found a blank response.

Thai faces similar problems with Japan, he says, but he is encouraged by the deregulation policies adopted in the U.S.

Testing time for Trocadero

"I AM NOT pretending the next twelve months are going to be easy, but everything will come right in the end." The quiet confidence belongs to Roger Lucas, the Richard Ellis partner entrusted with the final, crucial stages in the development of the Trocadero complex at Piccadilly Circus.

Mr Lucas's level-headed realism is appropriate and it should be said at the outset that the ingenuity and imagination employed by the team engaged in one of the most ambitious redevelopment schemes ever attempted in the heart of London is roughly matched by the uncertainties, not to say misgivings, of many outside observers.

The Trocadero complex, now quickly taking shape on a site sandwiched between Shaftesbury Avenue, Coventry Street, Wardour Street and the London Pavilion, was surrounded by controversy long before Electricity Supply Nominees won the planning approval that had eluded others for 20 years.

ESN's proposals, which embrace a blend of retailing, restaurant aod entertainment facilities unique to the UK—plus an extensive office element—have managed to maintain the tradition.

The basic charge against the plans appears to be that they mark too bold a departure from normal development options. Aoyone trying to establish and operate a "mini-Disneyworld", along with shops and an acre of space devoted to food, in the centre of London and on the verge of an area better known for less wholesome recreational pursuits is inspired or foolish, according to the market.

The irony of the situation will not have escaped the likes of ESN, one amongst the ranks of those institutions who are regularly berated for their conservative approach to investment. Just try something a little different, however, and wait for the wagging fingers.

That there are problems yet to be faced at the £45m Trocadero complex is not being disputed, certainly by Roger Lucas. It seems equally clear that not everything has gone smoothly up until now.

Centrepiece

The building itself, under the watchful eye of the Bovis humming bird, has progressed well and the "centrepiece" atrium—a standard design device around the world but generally regarded in the UK as about as attractive as high alumina cement—is now clearly identifiable ano very impressive.

The handover of the first phase of the 400,000 sq ft complex is due at the start of 1983, with full handover following in the spring and trading commencing from May onwards. All retail space and restaurants are scheduled to be occupied by the autumn.

It is over a year since Ellis first spoke of a marketing campaign but the hard selling only began in March and so far tenants for two of the restaurants (now six rather than the original eight) are "close to signing." Rents for the catering space, planned to offer a variety of eating "themes," are running from around £7.50 to £15 a sq ft for lower level and ground floor accommodation.

It was hoped that Movenpick, the Swiss catering specialists who helped advise on the restaurant facilities, would take space as well as take on the management of this aspect of the centre, but the company bowed out.

As for the retail space—there will be a maximum of 30 units offering 35,000 sq ft of space at rents of between £30,000 and £50,000 a year—marketing will not start until the autumn. A mix of multiple and independent traders is being sought and Roger Lucas admits that timing will be tight, although much of the basic shop unit shells will be ready and waiting for tenants for finish off.

Offices

The overall Trocadero complex will also ultimately involve approximately 125,000 sq ft of separate office space, about 75,000 sq ft of which will be provided by a new building on the Rialto site in Coventry Street. A second new building, offering 30,000 aq ft is planned for the corner of Rupert Street and Shaftesbury Avenue and an additional 20,000 sq ft of floorspace is now coming through in refurbishment schemes.

Original plans envisaged an early start on at least one of the new blocks—with both completed and income producing by 1985—but they are still hanging fire and may well do so until all refurbishment work is completed.

It is tbe entertainment facilities, however, which are seen as the magnet which will attract "a different type of person at different times of the day"—the basis of a successful formula for the retailing space.

To date, about 50 per cent of the entertainment space has been "secured." Tenants include the 300-seat Almost Free Theatre, Mecca's Golden Nuggett Casino, which bas struggled on throughout the redevelopment, an audio-visual, walk through exhibition to be run by an as yet unnamed UK operator and the London Experience, revamped and updated and not likely to remain under ESN-EMI management.

Roger Lucas wants as much of the entertainment space as possible operational by next summer. He accepts that some of the earlier, more grandiose ideas have been scared down but reckons the centre "will get close to the spirit of the original plans."

As for the tricky task of finding an entertainments management operation, an agreement with a British company was being described as "near" last March but the location of a capable candidate is clearly proving more difficult than at first seemed likely. It remains one of the more pressing problems in a scheme which is regarded as a way of helping to put right a little bit of London now in desperate need of care and attention.

If ESN and Ellis get it right, they will be congratulated for their foresight and imagination. If they get lt wrong, the finger waggers will have a field day.

Car rental group drops office plan

AVIS has dropped plans to occupy the 100,000 sq ft office scheme being developed by London Transport at Uxbridge. The scheme, which is nearing completion and is being financed by the Post Office Pension Fund, was to have become the car rental gronp's new headquarters, although it was envisaged that much of the space would initially be sub-let.

Now a review of space requirements bas led to a change of beart. Avis signed the lease over two years ago, with terms to be finalised on completion of the building. The rent wonld have been significantly less than the £1m a year wbich has heen talked abont.

Fletcber King, who arranged the original deal, have been asked by Avis to find new occupiers and the agents say they are in negotiations with several potential tenants, although a single occupier now looks unlikely. Rents have been qnoted at £14 a sq ft.

● The Greater London Council this week formally wrapped a conservation zone around what is left of the old Kensington town hall, demolished with the approval of the local council to make way for an office scheme proposed by District and County. The move is likely to represent little more than a gesture, as either the Department of the Environment or the council itself (depending on wbere ownership of the site now rests) can give the go-ahead for total demolition—if it is sought.

● The Freshwater Group is to develop a 117,000 sq ft office building on a site at Bankside, SE1. To be called King's Pike House, completion is planned in two and a half years' time. The site for the air-conditioned, double-glazed building is close to the original location of Shakespear's Globe Theatre. Joint agents for the scheme are Dron & Wright and St Qnintin.

● UDS Properties has sold 87-89 Union Street, Aberdeen, to Prudential Pensions for a price in excess of £1.1m. The property has heen let to Raybeck at an annual rent of £45,000. Watson Neave acted for UDS in the letting and sale.

● In fairness to Knight Frank & Rutley, I should point ont that the lettings at International House, reported here last week, were the results of their endeavours and did not follow on from the developers' decision to open the doors to other agents.

● British Rail Property Board has agreed the sale of 11 acres of land to the Merseyside Development Corporation, raising over £400,000.

New shopping centre go-ahead in Hull

KINGSTON - UPON - HULL'S gallant campaign to come in from the cold and prove itself an integral part of the UK economy, rather than an isolated appendage, took another step forward this week.

While the City was busy celebrating the first anniversary of the opening of the Humber Bridge, it managed to take time out to unveil plans for a redevelopment scheme which is expected to enhance its claim as a major regional shopping centre.

Having granted a 125-year ground lease on a two-acre town centre site, which has been empty since before the last war, the council has given the go-ahead for a £10m retail complex put forward by Arthur Oaks Developments, of Wimborne in Dorset.

The scheme, close to the City's principal shopping area around Albion Street and Bond Street, will comprise 145,000 sq ft of shopping space, together with 500 car parking spaces. Funding talks with potential institutional partners are about to start and development is due to begin next spring. Trading should be underway late in 1985 or early 1986.

Christened the "Humber Centre," the development represents the largest town centre shopping scheme to get underway in Hull since Ravenseft's Prospect Centre in 1973.

The centre will include a first floor, 40,000 sq ft market hall containing 80 separate trading units. The market area has already been pre-let to Midland Development, which will fit out and manage the trading areas.

In addition, there will be 19 individual shop units, ranging upwards from 900 sq ft. Original proposals for two shops with more than 20 sq ft of trading floor look like being abandoned, with the space being carved up into smaller units.

The developers, who as a condition of the lease will return the car park to the control of the council, expect the standard unit to command rents of around £15 a square foot. Total rental income from the centre will, when completed, be in the regon of £1m a year.

The completion of the controversial Humber Bridge has, according to the City Fathers, given Hull a badly needed boost, extending the City's catchment area and bringing its shopping facilities within the reach of around 850,000 people on Humberside.

According to Arthur Oaks, whose company has plans for a 120,000 square feet retail scheme in Wandsworth, London, as well as consent for a scheme over Putney station, Hull is "significantly undershopped" and the Humber Centre will represent the last opportunities for a major, centrally-located retail scheme.

Dow 4.5 higher at mid session

THE RECENT rallying trend on Wall Street was taken a stage further yesterday morning in further active dealings.

Analysts continued to describe the rally as primarily technical in nature, but said it could continue if the market could hold on to its gains yesterday.

The Dow Jones Industrial Average climbed a total of 24.55 over the first three sessions of this week from last Friday's 26-month low, spurred in part by Wall Street's relief that Congress was finally able to approve a Federal Budget for fiscal 1983. By 1 pm yesterday, the Average was 4.56 higher at 817.73.

The NYSE All Common Index picked up 35 cents more to $63.61, while advances outscored declines by a seven-to-four margin. Turnover amounted to 41.70m shares, compared with 40.19m at 1 pm on Wednesday.

Some manufacturers of Telecommunications Equipment pointed higher, with Northern Telecom up 1⅛ to $37¼, Rolm 1⅛ to $23⅞, GTE ⅜ to $27¼, and Scientific Atlanta 1⅛ to $13⅞.

Volume leader First Interstate Bancorp was up ¼ to $25. A block of 750,000 shares was traded at $24¾. Goldman Sachs and First Boston sold the shares, which they received from the company through a stock for debenture exchange.

Hitachi lost $1 more to $24⅜. Some of its executives have been arrested in the U.S. and charged with conspiring to steal computer trade secrets from IBM.

THE AMERICAN SE Market Value Index improved 0.72 to 255.85 at 1 pm. Volume 2.92m shares. (2.88m).

Canada

After Wednesday's strong rally on hopes regarding next Monday's Canadian Budget proposals, markets tended to recede in moderate early dealings yesterday. The Toronto Composite Index lost 7.1 at 1,412.7 at noon, Oil and Gas 47.9 at 2,491.5 and Metals and Minerals 7.9 at 1,250.9, but Golds rose 12.2 to 1,507.5.

Omega Hydrocarbons rose C$1 to C$12¼ on 20,740 shares. Denis Mote, with Bache Halsey Stuart Canada, said there is nothing really new affecting the stock. He said investors have more confidence in Omega's oil play in Manitoba.

Tokyo

The sharp fresh rally on Wall Street overnight and the yen's continued steadier trend against the U.S. dollar gave the Tokyo market a further uplift early yesterday. However, the computer spy case involving Hitachi and Mitsubishi Electric representatives in the U.S. became an undermining influence on general sentiment again later, and the market receded to finish mixed to easier on balance.

The Nikkei-Dow Jones Average was finally a slight 2.05 down on the day at 7,152.58, while the Tokyo SE index lost 1.34 at 536.96. Volume was still low, coming to 170m shares (190m).

Hitachi featured by falling Y31 more to Y635 after declining Y9 on Wednesday. Mitsubishi Electric shed Y4 to Y232 for a two-day retreat of Y13.

Other Computer issues also remained depressed, with Nippon Electric weakening Y9 to Y790, Fujitsu Y15 to Y740 and Toshiba Y9 to Y306.

After mostly advancing in the morning, other Blue Chips and export-orientated issues ended mixed.

Oils recouped further ground on the yen's better trend, Nippon Oil rising Y15 to Y894 and Teikoku Oil Y31 to Y881.

Many speculative shares, including Mining issues, softened, but Textiles and Foods were mainly firmer.

Germany

Bourse prices tended to rally, responding to the overnight Wall Street rebound, an upturn in the Bond markets and an easier U.S. dollar.

Steels led the recovery, with Krupp Stahl advancing DM 3.90, Thyssen DM 3.50 to DM 86, Kloeckner-Werke DM 2.40 to DM 56.50, Hoesch DM 1.60 to DM 27.50 and Mannesmann DM 1.70 to DM 139.50.

Volkswagen put on DM 2.20 to DM 142.20 in Motors, while Deutsche Bank firmed DM 1.90 to DM 282.90. AEG regained DM 1.60 more to DM 33.50 in Electricals.

However, Chemicals had Bayer down DM 1.70 at DM 105.20 ex the dividend.

Dealers attributed an improvement in the Domestic Bond market to a favourable showing in Wednesday's U.S. Bond market; the belief that a worrisome domestic tax issue has been laid to rest and a positive response to the conditions of the new DM 850m Deutsche Bundesbahn Bond issue. The Government Railroad Bond came out with a 9.5 per cent coupon, an estimated yield of 9.42 per cent and pricing at 100.5 per cent—conditions that dealers felt should lead to smooth placement. The Bundesbank sold DM 27.6m of public paper compared with a purchase of DM 46.3m the previous day.

Paris

Shares were inclined to ease in moderately active trading as the market reacted to Wednesday's news that French industrial production declined a provisional seasonally adjusted 0.8 per cent in April after a 0.8 per cent rise in March. The news outweighed the bullish effects of the overnight Wall Street advance.

Australia

The strong rally on Wall Street and a firmer Bullion price provided the required impetus for Australian markets to reverse the weakening trend of the past week and stage a technical recovery.

However, many Industrial shares were held in check by fears that the bulk of full-year figures due to be released over the next three months would show lower real profits.

The All Ordinaries index retrieved 8.7 at 464.9, the Oil and Gas index 11.6 at 425.3 and Metals and Minerals 10.9 at 319.5, while Industrials managed a less impressive improvement of 3.7 at 629.0.

Resource stocks led the upturn, which began from the opening and continued until the afternoon when profit-taking set in.

Among Minings, CRA put on 10 cents to A$2.65, MIM 13 cents also to a price of A$2.65 and Western Mining 7 cents to A$3.02, Coal Mining issues Oakbridge, A$1.38, and UMAL, A$1.69, gained about 9 cents apiece.

Firmer Gold prices boosted GMK 30 cents to A$2.80, Peko 10 cents to A$3.80, Central Norseman 10 cents to A$3.40 and Bougainville 4 cents to A$1.06.

In the Oil and Gas group, Santos rallied 13 cents to A$4.90 and Hartogen 15 cents to A$2.05.

Overall market leader BHP recovered to A$7.14, but closed only 6 cents harder on the day at A$7.04. The shares lost 3 cents on Wednesday, after announcing that its iron and steel output figures for the year to May were the worst for 10 years.

BNS Wales rose 7 cents to A$2.58 in firm Banks.

Hong Kong

The strong late finish on Wall Street overnight failed to stimulate much interest in Hong Kong stocks yesterday. Initial modest gains were partially eroded later in the session on lack of confidence and some book-squaring before the long weekend. Markets are closed today for a local holiday.

The Hang Seng Index, which picked up 11.91 in the first hour of trading, eased back to end just 5.07 firmer on the day at 1,279.62. Turnover remained very light, amounting to HK$109.25m on the four exchanges, compared with HK$100.06m recorded in the short Wednesday session.

Closing prices for North America were not available for this edition.

Companies and Markets

LONDON STOCK EXCHANGE

Contrasting trends develop as Gilts rally along with Golds but equities turn back after early firmness

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
June 7	June 17	June 18	June 28
June 21	July 1	July 2	July 12
July 5	July 15	July 16	July 26

* "New time" dealing may take place from 9 am two business days earlier.

The main investment sectors adopted contrasting trends in London stock markets yesterday. Gilt-edged securities latched on to sterling, which staged another of its intermittent rallies against the dollar, and South African Gold shares, too, put on a better performance by sustaining a long-awaited revival after recent marked weakness. Leading shares began promisingly, but turned back to close lower on the day after another disappointing trade.

Wall Street again dominated investors' thoughts. The sharp rebound there overnight induced moderate institutional support and some sizeable lines of stock were reported to have been placed in London equity markets. However, the absence of follow-through buying saw equities later turn nervous again despite the firmness in Government stocks.

This applied particularly to recently buoyant defence issues. Early gains were lost and replaced by falls ranging to seven pence before a rally after the official close of business. The sensitivity was reflected in the FT Industrial Ordinary share index. Up three points at 10 am, the index turned back by more than seven points to show a fall of 4.3 at 3 pm before recovering in the late trade to close 1.7 down on balance at 554.2.

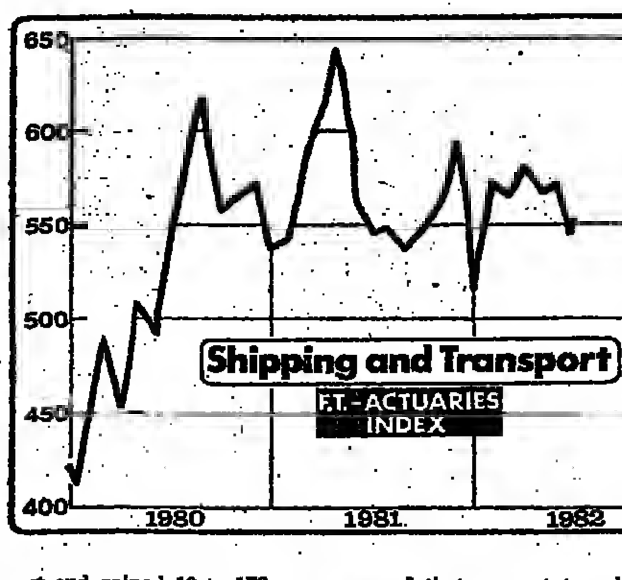
Revived small demand in the wake of the steadier pound often triggered gains out of proportion to the amount of business in British Funds. The early rises all occurred among medium and longer-dated issues with the low-coupon Treasury 5 per cent 1986-1989 rising ½ to a 1982 high of 68½. The shorts closed only ⅛ better, where changed, despite easier credit conditions yesterday in UK money markets. The latest "bulldog" issue, New Zealand 14½ per cent 1987 was oversubscribed at application and details of allotment were awaited; dealings in the £100m issue begin this morning.

Banks quiet

Midland Bank closed 4 cheaper at 338p following the company's move into the U.S. Commercial Paper market. The other major clearing banks stayed closed to overnight levels following a slow trade. Elsewhere, First National Finance reacted to 32½p before closing 1½ down on balance at 33½p after comment on the interim results.

Composite Insurances closed below the best. Sun Alliance touched 744p before settling a net 6 up at 740p, while General Accident reverted to the overnight level of 294p, after 298p.

In the Unlisted Securities Market, McCarthy and Stone, designers and builders of houses for the aged, met renewed support and gained 10 to 178p compared with the placing price of 137p.



Breweries and Distillers generally closed a shade lower, where changed, but Allied-Lyons hardened to 95½p following the chairman's confident remarks on the outlook.

Contracting and Construction issues made progress in places despite the Royal Institute of Architects' conclusion that the outlook is bleak. Taylor Woodrow firmed 8 to 515p, while Barratt Developments closed a couple of pence dearer at 274p, after 276p. Redland stayed at 172p, the preliminary profits matching the forecast made at the time of the company's bid for Cawoods. Recently depressed William Leech rallied 3 to 55p, while Whatlings added a penny to 37p in response to the increased interim profits. Second thoughts about the half-yearly results left Nottingham Brick 5 cheaper at 160p.

After opening a shade firmer on Wall Street influences, ICI drifted off to 308p before closing 2 cheaper on balance at 310p. On the other hand, Fisons met late support and put on 9 to 362p.

Bambers dip and rally

Leading stores finished the day with small irregular movements. BHS settled with a rise of a penny at 157p, after 153p, while House of Fraser closed a couple of pence firmer at 152p following yesterday's annual meeting. UDS, in contrast, eased 2 to 60p. Bambers encountered nervous selling and dropped to 15p before staging a good rally to close only 2 off on the day at 20p.

Interest in the Electrical leaders tended to fade after the previous day's flurry of activity following Racal's preliminary results. Racal improved afresh to 457p before closing unaltered at 450p, but Ferranti turned reactionary at 730p, down 15, following news of the agreement in principle to acquire the assets of Ocean Research Equipment Inc. ORE rose 30 to 220p. GEC fluctuated narrowly before settling at 950p, up 5, but Thorn EMI eased that amount to a low for the year of 403p. Cable and Wireless reacted 7 to 280p and United Scientific 5 to 380p. On the other hand, buyers showed interest in Chloride, 3 to the good at 24p.

Leading engineers were usually a shade easier at the close. Vickers continued to reflect the production cut-back at Rolls-Royce and eased 4 more to 133p. Baker Perkins, in contrast, responded to better-than-expected preliminary results with a rise of 8 to 107p, after 110p. GM Firth rallied 8 to 148p while F. H. Lloyd closed 4 up at 31½p, the latter following the annual results. Ductile firmed 3 to 141p following news that the bid from Glynwed is not to be referred to the Monopolies Commission; Glynwed eased 2 to 99p. British Aluminium remained on offer at 43p, down 2, but Renold firmed 1¼ to 39½p on the recovery in annual profits.

British Sugar attracted fresh speculative buying on hopes that S. and W. Berisford will launch another bid for the company and touched 485p before closing a net 10 up at 480p. Elsewhere in Foods, small buying in a restricted market lifted G. F. Lovell 4 to 53p.

Although the interim profits caused some disappointment, Trusthouse Forte, 4 cheaper awaiting the announcement, rallied on the chairman's encouraging statement to close unchanged on balance at 119p. Savoy A also put on 4, to 220p, and the B a point to £22 on hopes that Trusthouse Forte will make another bid for the company.

Bowater above worst

Bowater became an unsettled market and closed 4 down at 199p, after 196p, following a recent Press suggestion that the company is expected to announce the closure of one of its two newsprint machines at Sittingbourne, Kent. After fluctuating narrowly, other leading miscellaneous industrials closed on a slightly firmer bias. Helped by favourable Press comment, Metal Box touched 158p before settling at 156p for a rise of 4. Glaxo ended similarly better at 695p, but Boots, down to 205p at one stage, finished 3 lower on balance at 207p. Elsewhere, United Gas responded to good annual results with a rise of 7 to 90p, while the increased dividend and annual profits left Scapa Group 4 up at 139p. Recovery hopes outweighed poor results from Sangers which closed without alteration at 36p, after 33p. Change Wares remained a sensitive market, but closed 2½p up at 10p after 6p, following the previous day's statement about further substantial losses and discussions regarding an important acquisition. Among the dull spots, De La Rue reacted 20 to 490p.

In little-changed Motors and Components, Lucas gave up 3 to 175p. Kwik-Fit, also down 3, equalled the 1982 low of 43p. Hentys held at 88p ahead of next Monday's interim statement, while Frank G. Gates improved 3 to 61p.

In Paper/Printings, Allied Industrial Designers improved 2 to a 1982 high of 29p in further reflection of the recent interim statement. Bemrose remained unchanged at 128p on the bid situation, with Bunzl and BPCC both holding steady at 163p and 34p respectively. Haynes, 8 up at 138p, provided a firm spot in Publishing issues, in which Routledge and Kegan Paul stayed at 288p; the rise of the latter in yesterday's issue was in error owing to transposed figures. Among Advertisings, Saatchi and Saatchi put on 10 to 390p.

Properties displayed a firm feature in Trust Securities, which jumped 11 to 79p, after 80p, on talk that the proposed Stockley Park project in Hillingdon had been given the go-ahead; the Deferred Convertible also put on 11, to 75p. Estates and Agency gained 3 to 127p on the recovery in profitability, but Lynton shed 8 to a 1982 low of 194p following the annual report. Westminster Property met revived speculative interest and added 2 to 29p, but Brixton Estate again lacked support and shed that much, to a low for the year of 96p. Hong Kong Land hardened a penny to 73p; the company has sold three residential properties for £97m.

Oil shares made a steadier showing, quotations fluctuating within narrow limits and closing a shade dearer on the day. British Petroleum ended 2 better at 30p and Shell similarly dearer at 398p.

Shippings were rarely altered. Elsewhere, Mersey Docks improved 2½ to 22½p following the chairman's statement at the annual meeting. Nottingham Manufacturing touched 180p before drifting off to close 2 cheaper on balance at 176p. Elsewhere in the Textile sector, dealings in Yorkshire Fine Woollen Spinners were suspended at 21p ahead of the announcement of the acquisition of Sykes Booth for around £0.66m by a mixture of cash and YF ordinary and preference shares.

Imperial Group tuched a 1982 peek of 101½p before closing a penny dearer on balance at 100½p on optimism about the half-yearly figures expected in the next Stock Exchange Account and also helped by a broker's circular. Scattered support lifted Bats 8 to 448p.

In Rubbers, Anglo-Indonesian gave up 2 to a 1982 low of 65p. Castlefield held at 390p despite the doubled dividend. Rightwise were also unchanged at 175p; the price in yesterday's issue was incorrect.

Golds gain ground

South African Golds made useful progress reflecting the firmer metal price. Bullion opened sharply higher at $311 an ounce but eased to finish a net $5.5 higher at $307.5.

Share prices were marked higher at the outset following firmness in overnight American markets, but follow-through interest in London was thin and, despite some late support from Continental sources, an easier tone became evident towards the close.

Heavyweights finished with gains to a point as in Hartebeest, £17½. President Steyn rose ½ to £10½, while Free State Geduld 963p, and Driefontein, 948p, advanced 30 apiece. Randfontein hardened ½ to £20½ despite announcing a slightly disappointing interim dividend of 300 cents per share.

Marginals also improved across a broad front with Deelkraal 11 higher at 115p and South African Land 8 better at 101p. West Rand Consolidated, depressed recently by the projected withdrawal to State aid from next year, rallied 8 to 60p, possibly reflecting the company's break-up potential.

Technical influences in overnight Sydney and Melbourne markets elicited a firmer trend in Australians. CRA, 160p, and MIM, 157p, both added 6, while Renison rose 10 to 135p and Seltrust A 3 to 33p.

The firmer metal price benefited Gold Mines of Kalgoorlie, 10 up at 170p, and Poseidon, 7 higher at 75p.

Traded Options attracted 1,380 deals, slightly above the previous day's total although business remained selective. Calls totalled 979 with Racal recording 276, trade still buoyed by the excellent preliminary results and statement. Imperial, interim figures expected shortly, attracted 266 calls, 115 in the August 90's, and 100 in the August 100's.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
May 24	June 11	Sept 2	Sept 13
June 14	June 25	Sept 16	Sept 27
June 28	July 9	Sept 30	Oct 11

For rate indications see end of Share Information Service

Money was given for the call of Scottish Heritable, Guinness Peat, Northern Foods, Nimslo, Huntley and Palmer, Charterhall and First National Finance. No puts were reported, but double options were arranged in First National Finance, UDS and Trident TV.

FINANCIAL TIMES STOCK INDICES

	June 24	June 23	June 22	June 21	June 18	June 17	A year ago
Government Secs.	66.07	65.75	65.99	65.60	65.93	65.31	65.96
Fixed Interest	69.58	69.50	69.62	69.51	69.93	70.29	70.02
Industrial Ord.	554.2	555.9	555.6	554.9	558.0	559.4	544.8
Gold Mines	190.4	182.7	181.2	183.2	195.4	203.2	311.2
Ord. Div. Yield	5.60	5.59	5.62	5.64	5.61	5.58	5.67
Earnings, Yld.% (full)	11.00	11.05	11.71	11.75	11.69	11.83	11.70
P/E Ratio (net) (*)	10.42	10.44	10.36	10.35	10.41	10.45	10.87
Total bargains	13,001	13,568	14,125	15,805	18,731	14,869	10,530
Equity turnover £m	—	113.92	150.08	101.65	137.05	118.75	133.39
Equity bargains	—	10,572	11,525	11,005	13,076	12,050	17,923

10 am 553.9. 11 am 556.4. Noon 553.8. 1 pm 552.0.
2 pm 552.0. 3 pm 551.6.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35 Gold Mines 12/9/55 SE Activity 1974.

Latest Index 01-246 8026.

* Nil=9.65.

HIGHS AND LOWS

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.40 (7/6)	61.89 (1/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	70.57 (14/6)	62.79 (7/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	594.0 (3/5)	518.1 (5/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	502.0 (5/1)	181.2 (22/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	June 23	June 22
Daily Gilt Edged Bargains	140.8	143.4
Equities Bargains	67.3	74.7
Value	350.3	232.8
5-day Average Gilt Edged Bargains	143.5	149.1
Equities Bargains	75.2	73.3
Value	243.1	237.4

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. Date	1982 High	1982 Low	Stock	Closing price p	+ or −	Div. or amount	Times Covered	Gross Yield	P/E Ratio
¶¶	—	—	10	11	Argyll Foods Warr'ts	11	......	—	—	—	—
¶260	F.P.	23/8	080	260	Assoc. Heat Services	265	......	b9.0	0.1	4.9	15.4
46	F.P.	30/7	55	60	Bairstow Eves 5p	52	......	b1.01	2.6	4.4	12.7
§90	F.P.	25/8	101	90	✤Black (Michael) 20p	92	−1	u3.0	2.4	4.7	12.7
15	F.P.	15/4	30	10	Cambrian & Gen. 7½p	30	......	—	—	—	—
§250	F.P.	4/6	435	295	✤Cont. Microwave	420	......	b5.20	6.9	1.8	16.0
§578	F.P.	—	59	55	✤Dencora	55	......	—	—	—	—
§30	F.P.	28/5	163	140	✤Druck Hldgs.	163	......	b2.3	9.0	2.0	28.3
§87½p	F.P.	25/6	98	84	Electro-Prot. US$0.50	93	−1	uQ1.5c	8.6	0.9	12.3
—	—	—	17	10	Group Isv Option	12	......	—	—	—	—
§137	F.P.	—	178	160	✤McCarthy & Stone	178	+10	b0.70	2.7	4.9	16.1
§105	F.P.	2/7	121	110	✤Miles 06 10p	112	......	ud2.5	4.3	2.6	0.7
600	F.P.	9/7	630	595	Oriflame SA (US$1.50)	610	+10	bQ50c	2.2	4.5	9.8
77	F.P.	14/7	97	88	✤Radio City 'A' NV	88	−1	b5.6	1.5	2.1	18.5
140	F.P.	29/6	186	160	✤Ruddle (G.) 10p	186	......	b5.3	8.6	2.5	22.0
¶¶	F.P.	—	20	10	Stewart Nairn	29	−1	—	—	—	—
¶¶	F.P.	—	90	40	Zambia Cons Cpr 10K	50	......	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price £	+ or −
§100	Nil	—	7pm	1½pm	Banlox 8% Conv. Gem. Rd. Pf.	1½pm	−¼
¶100	£10	26/8	11¾	10½	Bournemouth Water 9% Red. Prf. '87 89	11¾	......
§99.595	£25	14/7	25½	21½	Cred. Foncier de France 14½% Ln. 2007	25	−½
¶100	F.P.	1/7	102¼	100¾	East Anglia Water 9% Red. Prf. 1987	101¾	......
¶¶	F.P.	—	146½	136	First Nat. 18½pc Conv. Uns. Ln. 1987	137	−5
101	F.P.	—	109	107	✤Lon&Cont 11½% Conv. Sub. Uns. Ln. '95-02	108	......
§100	F.P.	9/7	101	92½	Marlborough Props. 10% Cnv. Ls. '98-2002	99½	......
98.55	£20	8/10	90	25¾	Midland Bk. 14% Sub. Uns. Ln. 2002-07	24½	+½
¶100	£10	20/8	11¾	11	Mid-Southern Wtr. 9% Pref. 1987	11¾	......
§100	F.P.	—	100⅛	100 1/16	Nationwide Bdg. Soc. 14¾% (25/4/83)	100¼	......
§100	F.P.	—	100	99¾	Do. 13⅞% (25/5/83)	100	......
100	F.P.	—	100⅛	100⅛	Do. 13½% (3/6/83)	100⅛	......
¶100	F.P.	—	47	38	RIT & Northern 4pc Net Cum. Prf. £1	41	......
¶100	F.P.	—	40	45	Do. 4.7pc Net Cum. Prf. £1	46	......
¶100	£10	29/7	11¾	10½	Wrexham Water 9% Red. Prf. '87-89	11¾	......

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ■	1982 High	1982 Low	Stock	Closing price p	+ or −
10	F.P.	27/4	28/5	13¼	10	Ansbacher (H.) 0p	10¼	......
166	Nil	—	—	22pm	18pm	Applied Computer Tech.	29pm	+4
170	F.P.	13/5	24/6	190	180	Bank Leumi (UK) £1	185	......
135	F.P.	28/5	9/7	180	158	Carless Capel 10p	150	−8
174	F.P.	18/6	30/7	233	218	Grand Met 50p	220	−2
Kr.160	Nil	—	—	£5¼pm	£3pm	Great Northern Tel (£10)	£3pm	......
50	F.P.	24/6	13/8	58	52	Press (Wm.) 10p	52	+1
325	F.P.	17/6	30/7	445	380	Saatchi & Saatchi 10p	390	......
215	Nil	5/7	13/8	40pm	28pm	Sketchley	38pm	−1
10	F.P.	24/3	20/4	12½	9½	Oturia 10p	9½	......
25	F.P.	10/3	10/3	24½	24	Young (H.)	24	......

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital: cover based on dividend on full capital. g Assumed dividend and yield. ‡ Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. ● Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. ● Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." **Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✤ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ‡‡ Unit comprising five ordinary and three Cap. shares. Δ Issued free as an entitlement to ordinary holders.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Baker Perkins	107	+8	House of Fraser	152	+2
Bambers	20	−2	Imperial Group	100½	+1
British Sugar	480	+10	Polly Peck	347	+5
Chubb	114	+4	Racal Electronic	450	—
De Beers Deferred	186	+10	Trusthouse Forte	118	—
GEC	950	+5	Trust Secs	79	+11

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in S.E. Official List

Stock	No. of changes	Wednesday's closing price pence	Day's change	Stock	No. of changes	Wednesday's closing price pence	Day's change
GEC	21	945	+20	Brit Aerospace	10	224	+7
Bmtt & Hlmshr	16	870	+35	BP	10	288	−3
Racal Elec	16	450	+22	Cable & Wire	10	287	+12
Ferranti	15	745	+20	Glaxo	10	690	+2
Plessey	12	470	+18	BAT Inds	9	440	−5
RTZ	11	354	−4	ICI	8	312	—
Trident TV 'A'	11	75½	+5½	Shell Trans	9	396	−4

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Thur June 24 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed June 23 Index No.	Tues June 22 Index No.	Mon June 21 Index No.	Fri June 18 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (209)	385.77	+0.1	9.46	4.27	13.86	385.30	380.61	377.45	381.50	343.18
2	Building Materials (23)	326.13	+0.4	12.15	5.55	9.92	324.91	322.49	317.77	324.12	308.74
3	Contracting, Construction (28)	594.55	+0.4	15.01	5.28	7.85	592.14	579.50	578.23	594.72	558.53
4	Electricals (31)	1469.83	+0.2	6.74	2.07	18.79	1466.94	1434.30	1427.48	1452.99	1067.80
5	Engineering Contractors (11)	476.95	+0.2	13.47	6.34	8.97	475.98	476.79	470.39	475.94	486.48
6	Mechanical Engineering (67)	197.22	−0.2	11.64	5.93	10.37	197.55	196.42	194.59	195.99	212.95
8	Metals and Metal Forming (11)	149.17	−0.4	12.01	8.08	10.41	149.72	150.46	147.41	151.95	161.03
9	Motors (20)	88.18	−0.6	1.95	8.02	—	88.70	88.55	88.07	89.37	101.45
10	Other Industrial Materials (18)	351.28	—	10.33	6.08	11.88	351.07	350.24	344.69	351.91	376.38
21	CONSUMER GROUP (201)	302.12	−0.1	13.10	5.79	9.25	302.48	302.31	299.56	303.01	282.82
22	Brewers and Distillers (22)	318.23	−0.5	14.62	6.41	8.35	319.97	320.76	316.77	321.46	320.54
25	Food Manufacturing (22)	258.68	+0.3	18.03	7.27	6.46	257.96	257.53	255.63	257.88	257.56
26	Food Retailing (14)	605.56	−0.2	9.26	3.69	13.10	607.00	605.85	603.06	610.45	523.21
27	Health and Household Products (8)	453.11	+0.3	7.66	3.76	15.49	451.80	450.08	445.73	451.03	330.82
29	Leisure (23)	414.22	−0.5	10.72	5.59	11.67	416.39	415.75	414.05	420.10	426.16
32	Newspapers, Publishing (13)	510.98	−0.7	13.34	6.11	9.43	514.42	515.13	516.13	519.72	504.75
33	Packaging and Paper (14)	140.37	−0.5	16.62	7.80	6.99	141.03	140.89	138.86	143.64	140.71
34	Stores (45)	273.75	−0.6	10.61	5.09	12.48	275.58	275.54	272.43	275.11	267.40
35	Textiles (23)	162.91	+0.1	14.01	6.58	8.71	162.67	162.42	161.29	162.43	162.85
36	Tobaccos (3)	338.00	+1.5	21.59	8.14	5.22	333.05	332.09	329.61	331.10	260.57
39	Other Consumer (14)	267.64	+0.6	6.15	5.81	31.25	265.97	268.43	268.26	273.09	301.58
41	OTHER GROUPS (77)	250.94	−0.4	13.70	6.63	8.83	251.92	258.24	249.49	254.12	228.27
42	Chemicals (16)	333.94	−0.3	13.79	6.97	8.70	334.81	334.85	335.90	337.75	281.65
44	Office Equipment (4)	103.28	—	15.75	8.45	7.80	103.25	103.35	103.57	106.90	116.15
45	Shipping and Transport (13)	552.72	+0.1	19.91	7.45	6.10	552.40	546.86	541.68	551.63	561.38
46	Miscellaneous (44)	324.27	−0.7	11.59	5.81	10.50	326.55	322.25	319.49	329.10	297.86
49	INDUSTRIAL GROUP (487)	323.50	−0.1	11.80	5.33	10.32	323.71	321.85	319.28	323.16	295.99
51	Oils (13)	706.94	+0.5	22.35	8.22	5.07	703.30	714.02	711.32	711.25	708.56
59	500 SHARE INDEX	354.75	—	13.47	5.79	8.87	354.66	353.79	351.20	354.77	329.41
61	FINANCIAL GROUP (117)	240.99	—	—	7.03	—	241.05	243.09	240.64	244.53	257.32
62	Banks (6)	263.05	−0.1	39.56	8.65	2.77	263.24	267.34	261.03	267.58	262.52
63	Discount Houses (9)	222.98	+0.3	—	10.23	—	222.32	223.77	224.54	225.92	200.69
65	Insurance (Life) (9)	264.22	+0.3	—	6.92	—	263.55	266.16	261.93	265.05	261.05
66	Insurance (Composite) (10)	148.81	+0.4	—	9.51	—	148.26	150.42	149.98	152.35	166.44
67	Insurance Brokers (7)	492.44	−0.2	11.44	5.27	11.96	495.28	495.45	490.59	487.04	386.24
68	Merchant Banks (12)	136.16	+0.1	—	6.45	—	136.05	135.99	135.54	139.37	168.72
69	Property (49)	406.28	−0.4	5.54	3.96	24.09	407.93	408.92	407.12	412.13	471.25
70	Other Financial (15)	163.91	—	18.69	6.99	6.19	163.86	163.77	163.74	166.76	178.88
71	Investment Trusts (111)	288.64	−0.3	—	5.67	—	289.46	288.19	286.45	290.16	309.08
81	Mining Finance (4)	178.19	+1.4	17.78	7.97	7.05	175.65	176.70	169.40	174.34	249.86
91	Overseas Traders (18)	394.14	−0.2	15.34	9.58	8.01	394.70	393.98	327.29	391.03	452.83
99	ALL-SHARE INDEX (750)	323.55	—	—	6.08	—	323.47	323.28	320.52	324.27	315.14

FIXED INTEREST

	PRICE INDICES	Thur June 24	Day's change %	Wed June 23	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	111.93	+0.06	111.86	—	5.90
2	5-15 years	118.95	+0.54	118.33	—	6.91
3	Over 15 years	113.89	+0.55	113.27	—	7.44
4	Irredeemables	118.31	+0.82	117.35	—	6.30
5	All Stocks	111.91	+0.40	111.46	—	6.79
6	Debentures & Loans	88.23	−0.12	88.28	—	5.56
7	Preference	65.80	+0.02	65.80	—	3.42

	AVERAGE GROSS REDEMPTION YIELDS		Thur June 24	Wed June 23	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	11.17	11.22	12.41
2		15 years	12.63	12.73	12.80
3		25 years	12.86	12.95	12.93
4	Medium Coupons	5 years	13.79	13.85	14.24
5		15 years	13.81	13.90	14.71
6		25 years	13.24	13.31	14.28
7	High Coupons	5 years	13.81	13.87	14.30
8		15 years	13.98	14.08	14.98
9		25 years	13.39	13.49	14.50
10	Irredeemables†		12.51	12.61	12.32
11	Debs & Loans	5 years	14.80	14.77	15.32
12		15 years	14.67	14.64	15.32
13		25 years	14.59	14.59	15.31
14	Preference†		15.08	15.08	15.66

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

NEW HIGHS AND LOWS FOR 1982

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1982.

NEW HIGHS (18)

BRITISH FUNDS (3)
Exch. 9¼pc 1982 Treas. 5pc 1987
Treas. 5pc 1986-89
AMERICANS (1)
Ford Motor
ELECTRICALS (3)
Immd. Bus. Systems Whitworth Elec.
Oceonics
ENGINEERING (1)
Westland
FOODS (1)
Bishops A NV
INDUSTRIALS (4)
Hargreaves Pitney Bowes Ln.
Macfarlane Utd. Gas Inds.
NEWSPAPERS (1)
Routledge Kegan Paul
PAPER (2)
A.I.D. Delyn Packaging
SHIPPING (1)
Mersey Dock Units
TEAS (1)
Assam Frontier

NEW LOWS (65)

AMERICANS (5)
City Inv. Rep. N.Y. Corp.
Crown-Zellerbach Dexnord
Ingersoll-Rand
BANKS (6)
Bank of Scotland Kleinwort Benson
Deutsche Bank London Scot. Finance
BEERS (1)
Greenall Whitley
BUILDINGS (2)
Cement-Roadstone Lafarge-Coppee
CHEMICALS (2)
BASF AG Bayer AG
STORES (3)
Bakers Stores Waring & Gillow
Bambers Stores
ELECTRICALS (3)
Energy Services Thorn EMI
Telephone Rentals
ENGINEERING (4)
Brit. Aluminium Howden Group
Haden Vickers
FOOD (1)
Needlers
INDUSTRIALS (11)
Amal. Metal Initial
Bowater Monsanto 5pc 82-86
De La Rue Sketchley
Fitzwilton Talbex
Francis Inds. Walker & Homer
Granada A
MOTORS (1)
Woodhead (J.)
PAPER (1)
Bunzling Des. Vtg.
PROPERTY (9)
Brixton Estate Prop. Sec. Inv.
Lynton Samuel Conversion
Mucklow (A. & J.) Stock Conversion
Peachey Town & City
Phoenix Pty. & Fin.
SHOES (1)
Newbold & Burton
TOBACCOS (1)
Imperial Gp.
TRUSTS (6)
Alliance Inv. Kellock Conv.
Channel Is. Inc. Lon. Merchant
Stewart Ent. Inv. Westpool
OIL & GAS (6)
Berkeley Ex. Pentine Res.
Brit. Canadian Oil. Steaua Romana (Brit.)
Cluff Oil Cnv. A Warrior Res.
OVERSEAS TRADERS (2)
Gill & Duffus Mitchell Cotts
RUBBERS (2)
Anglo-Indonesian Malakoff
MINES (1)
Mincorp

RISES AND FALLS

	Rises	Falls	Same
British Funds	69	0	22
Corpns. Dom. and Foreign Bonds	4	1	72
Industrials	174	231	938
Financial & Props.	87	81	382
Oils	29	18	61
Plantations	1	4	18
Mines	76	8	75
Others	63	33	55
Totals	483	377	1,603

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, June 23, 1982. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	68.25
Albania	Lek	5.8592
Algeria	Dinar	4.54
Andorra	Fr. Franc	6.90
	Sp. Peseta	112.125
Angola	Kwanza	50.214
Antigua	E. Caribbean $	2.7020
Argentina	Peso (f) (2)	13975.
Australia	Dollar	0.9797
Austria	Schilling	17.5275
Azores	Port. Escudo	83.875
Bahamas	Dollar	1.00
Bahrain	Dinar	0.377
Balearic Is.	Sp. Peseta	112.120
Bangladesh	Taka	22.145
Barbados	Dollar	2.01
Belgium	Franc (C)	47.375
	Franc (F)	52.33
Belize	Dollar	2.00
Benin	C.F.A. Franc	345.00
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	9.5694
Bolivia	Peso	44.00
Botswana	Pula	1.0918
Brazil	Cruzeiro	169.505
Brunei	Dollar	2.156
Bulgaria	Lev	0.942
Burma	Kyat	8.4613
Burundi	Franc	90.00
Cameroun Rp.	C.F.A. Franc	345.00
Canada	Dollar	1.3093
Canary Is.	Sp. Peseta	112.120
Cape Verde Is.	Escudo	54.70
Cayman Is.	Dollar	0.835
Cen. Af. Rep.	C.F.A. Franc	345.00
Chad	C.F.A. Franc	345.00
Chile	Peso (O) (5)	46.18
China	Renminbi Yuan	1.9428
Colombia	Peso (O)	63.88
Comoros	C.F.A. Franc	345.00
Congo P'ple. Rep. of	C.F.A. Franc	345.00
Costa Rica	Colon (D)	8.60
	Colon	38.09
Cuba	Peso	0.8281
Cyprus	Pound*	2.0566
Czechoslovakia	Koruna (O)	6.00
Denmark	Krone	8.5863
Djibouti Rp. of	Franc	177.72
Dominica	E. Caribbean $	2.7025
Domin. Rep.	Peso	1.00
Ecuador	Sucre (O) (4)	33.00
	Sucre (F)	52.30
Egypt	Pound* (O)	1.4286
	Pound* (1)	1.9151
El Salvador	Colon	2.50
Eq'tl Guinea	Ekuele	224.25
Ethiopia	Birr (O)	2.0594
Faeroe Is.	Dan. Krone	8.5863
Falkland Is.	Pound*	1.7238
Fiji	Dollar	0.9346
Finland	Markka	4.757
France	Franc	6.90
Fr. C'ty in Af.	C.F.A. Franc	345.00
Fr. Guiana	Franc	6.90
Fr. Pac. Is.	C.F.P. Franc	115.122
Gabon	C.F.A. Franc	345.00
Gambia	Dalasi	2.3808
Germany (E)	Ostmark (O)	2.4879
Germany (W)	Mark	2.4878
Ghana	Cedi	2.75
Gibraltar	Pound*	1.7238
Greece	Drachma (6)	39.90
Greenland	Dan. Krone	8.5863
Grenada	E. Caribbean $	2.7025

COUNTRY	CURRENCY	VALUE OF DOLLAR
Guadaloupe	Franc	6.90
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	40.4754
Guinea Rep.	Syli	22.7079
Guyana	Dollar	2.9986
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	Dollar	5.943
Hungary	Forint	36.62
Iceland	Krona	11.18
India	Rupee	9.5694
Indonesia	Rupiah	654.25
Iran	Rial (O)	81.09
Iraq	Dinar	0.2953
Irish Rep	Punt*	1.3848
Israel	Shekel	23.870
Italy	Lira	1400.00
Ivory Coast	C.F.A. Franc	345.00
Jamaica	Dollar	1.7830
Japan	Yen	256.620
Jordan	Dinar	0.3459
Kampuchea	Riel	n.a.
Kenya	Shilling	10.9846
Kiribati	Aust. Dollar	0.9797
Korea (Nth)	Won	0.94
Korea (Sth)	Won	740.60
Kuwait	Dinar	0.2873
Lao P'ple D. Rep	Kip	10.00
Lebanon	Pound	0.25
Lesotho	Loti	1.1455
Liberia	Dollar	1.00
Libya	Dinar	0.2201
Liechtenst'n	Sw. Franc	2.1195
Luxembourg	Lux Franc	47.370
Macao	Pataca	8.1777
Madagascar D. R.	Franc	388.00
Madeira	Port. Escudo	83.875
Malawi	Kwacha (5)	1.1051
Malaysia	Ringgit	2.369
Maldive Is.	Rufiyaa (O)	3.93
	Rufiyaa (M)	7.55
Mali Rp.	Franc	690.00
Malta	Pound*	2.3848
Martinique	Franc	6.90
Mauritania	Ouguiya	51.29
Mauritius	Rupee	10.25
Mexico	Peso	47.835
Miquelon	Fr. Franc	6.90
Monaco	Fr. Franc	6.90
Mongolia	Tugrik (O)	3.3055
Montserrat	E. Caribbean $	2.7020
Morocco	Dirham	6.2044
Mozambique	Metica	30.456
Namibia	S.A. Rand	1.1455
Nauru Is.	Aust. Dollar	0.9797
Nepal	Rupee	15.20
Netherlands	Guilder	2.7565
Neth. Ant'les	Guilder	1.80
New Zealand	Dollar	1.301
Nicaragua	Cordoba	10.06
Niger Rp.	C.F.A. Franc	345.00
Nigeria	Naira (O)	0.6787
Norway	Krone	6.3035
Oman, Sultanate of	Rial	0.3456
Pakistan	Rupee	12.1778
Panama	Balboa	1.00
Papua N.G.	Kina	0.7401
Paraguay	Guarani	126.00
Peru	Sol	664.37
Philippines	Peso	8.456

COUNTRY	CURRENCY	VALUE OF DOLLAR
Pitcairn Is.	N.Z. Dollar	1.351
Poland	Zloty (O)	80.00
Portugal	Escudo (7)	83.870
Port Timor	Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.6397
Reunion Ile de la	Fr. Franc	6.90
Romania	Leu (O)	4.47
Rwanda	Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Pound*	1.7238
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	6.90
St. Vincent	E. Caribbean $	2.7025
Samoa (Western)	Tala	0.917
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1400.00
Sao Tome & Principe DR	Dobra	41.6253
Saudi Arabia	Riyal	3.4315
Senegal	C.F.A. Franc	345.00
Seychelles	Rupee	7.0633
Sierra Leone	Leone	1.2374
Singapore	Dollar	2.155
Solomon Is.	Dollar	0.9389
Somali Rep.	Shilling	6.30
	Shilling	12.46
South Africa	Rand	1.1455
Spain	Peseta	112.125
Span. Ports in N. Africa	Sp. Peseta	112.120
Sri Lanka	Rupee	20.78
Sudan Rep.	Pound* (1)	1.1111
Surinam	Guilder	1.780
Swaziland	Lilangeni	1.1405
Sweden	Krona	6.1485
Switzerland	Franc	2.1195
Syria	Pound	3.925
Taiwan	Dollar (O)	38.95
Tanzania	Shilling	9.4259
Thailand	Baht	23.00
Togo Rep.	C.F.A. Franc	345.00
Tonga Is.	Pa'anga	0.9797
Trinidad & Tobago	Dollar	2.409
Tunisia	Dinar	0.5930
Turkey	Lira (8)	162.90
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	0.9797
Uganda	Shilling	95.002
Utd. A'b. Emir.	Dirham	3.6728
Utd. Kingdom	Pound Sterling*	1.7238
Upper Volta	C.F.A. Franc	345.00
Uruguay	Peso	13.4305
U.S.S.R.	Rouble	0.723
Vanuatu	Vatu	111.518
	Aust. Dollar	0.9797
Vatican	Lira	1400.00
Venezuela	Bolivar	4.2938
Vietnam	Dong (O)	9.18
Virgin Is. Br.	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	4.5605
Yemen PDR	Dinar	0.3456
Yugoslavia	Dinar	47.1724
Zaire Rp.	Zaire	5.8406
Zambia	Kwacha	0.9439
Zimbabwe	Dollar	0.7376

n.a. Not available. (m) Market rate. * U.S. dollars per National Currency unit. (o) Official rate. (c) Commercial rate. (f) Financial rate. (1) Egypt—Floating rate fixed daily by Central Bank of Egypt for Importers, Exporters, Tourists. (2) Argentina—devalued by approx. 17 per cent 5/6/82. (3) Malawi—devalued 25/4/82. (4) Ecuador—devalued by 32 per cent, 14/5/82. (5) Chile—devalued 14/6/82, to be adjusted downwards by 0.8 per cent monthly for the next 12 months. (6) Greece—devalued by 3.2 per cent, 15/5/82. (7) Portugal—devalued by 9.5 per cent, 15/6/82. (9) Turkey—devalued 14/6/82.

Late rise by dollar

THE DOLLAR rose in the U.S. after European foreign exchange centres had finished trading yesterday. Earlier in the day the U.S. currency drifted down despite a firming of Eurodollar interest rates. Demand for the dollar in Chicago petered out by mid-afternoon, but the U.S. unit suddenly found renewed strength as the Europeans withdrew from the market.

Sterling was little changed overall, gaining ground slightly against the dollar at the London close.

Strong demand for the Canadian dollar was seen at various times during the day.

DOLLAR — Trade-weighted index (Bank of England) 120.4 against 121.3 on Wednesday, and 107.7 six months ago. Three-month Treasury bills 12.74 per cent (11.275 per cent six months ago). Annual inflation rate 6.7 per cent (6.6 per cent previous month)—The dollar fell to DM 2.4655 from DM 2.4750 against the D-mark; to FFr 6.8450 from FFr 6.8750 against the French franc; to SwFr 2.10 from SwFr 2.1140 in terms of the Swiss franc; and to Y254.60 from Y255.60 against the Japanese yen.

STERLING — Trade-weighted index 91.4, against 91.1 at noon, 91.0 in the morning, 91.3 at the previous close, and 90.6 six months ago. Three-month interbank 13¼ per cent (16 per cent six months ago). Annual inflation 9.5 per cent (9.4 per cent previous month)—Sterling fell to a low of $1.7340-1.7350 in the morning, and touched a peak of $1.7440-1.7450 in the afternoon, before closing at $1.7360-1.7370, a rise of 45 points on the day. The pound eased to DM 4.2850 from DM 4.29; to FFr 11.8850 from FFr 11.9050; to SwFr 3.6475 from SwFr 3.6625; and to Y442.50 from Y443.

D-MARK — EMS member (weakest). Trade-weighted index 125.0 against 124.8 on Wednesday, and 121.8 six months ago. Three-month interbank 9.40 per cent (11.10 per cent six months ago). Annual inflation 5.3 per cent (5.0 per cent previous month)—The D-mark lost ground to the French franc and Swiss franc at the Frankfurt fixing, but improved against the dollar in very thin trading. A slight easing of Eurodollar interest rates pushed the U.S. currency down to DM 2.4545 in the morning, before the fixing of DM 2.4620, compared with DM 2.4860 on Wednesday. The French franc rose to DM 36.07 per 100 francs from DM 36.04, compared with an upper intervention point of DM 36.09.

FRENCH FRANC — EMS member (third strongest). Trade-weighted index was unchanged at 74.1 against 80.5 six months ago. Three-month interbank 15⅞ per cent (15⅞ per cent six months ago). Annual inflation 13.9 per cent (14.1 per cent previous month) — The franc showed mixed changes at the Paris fixing, gaining ground against the dollar and sterling, but weakening against the D-mark, Swiss franc and Japanese yen. The dollar fell to FFr 6.8265 from FFr 6.8955, and the pound to FFr 11.8525 from FFr 11.8840. Within the EMS the D-mark rose slightly to FFr 2.7748 from FFr 2.7743, but the Dutch guilder eased to FFr 2.5120 from FFr 2.5218. Among other currencies, the Swiss franc rose to FFr 3.2670 from FFr 3.2575.

JAPANESE YEN — Trade-weighted index 132.0 against 132.5 on Wednesday, and 144.6 six months ago. Three-month bills 7.28125 per cent (6.75 per cent six months ago). Annual inflation 2.8 per cent (unchanged from previous month)—The yen improved against the dollar in Tokyo, with the U.S. unit finishing at Y253.75, compared with Y253.50, and traded nervously within a fairly narrow range of Y252.90 in the early morning, and Y254.25 in the afternoon. The Bank of Japan intervened once again to support the yen, selling a small amount of dollars in the morning.

THE POUND SPOT AND FORWARD

June 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.7340-1.7450	1.7360-1.7370	0.35-0.45c dis	-2.76	1.36-1.46dis	-3.25
Canada	2.2125-2.2310	2.2290-2.2310	0.75-0.85c dis	-4.47	2.50-2.70dis	-4.75
Nethlnd.	4.69-4.76	4.72½-4.73½	1½-1½c pm	4.12	4⅛-4⅜ pm	3.90
Belgium	81.25-81.90	81.40-81.50	17-27c dis	-3.24	77-87 dis	-4.03
Denmark	14.72-14.82	14.77½-14.78½	2¾-3⅝ore dis	-2.13	9½-11½ dis	-2.87
Ireland	1.2380-1.2460	1.2450-1.2460	0.65-0.77p dis	-3.84	2.04-2.22dis	-3.42
W. Ger.	4.28-4.29½	4.28-4.29	1⅞-1⅝pf pm	3.85	4⅛-3⅞ pm	3.73
Portugal	143.50-145.50	144.75-145.25	80-265c dis	-14.22	220-675dis	-12.46
Spain	192.75-194.25	193.00-193.20	160-185c dis	-10.72	505-550dis	-10.93
Italy	2,404-2,419	2,408-2,410	13-16 lire dis	-7.22	48-52 dis	-8.30
Norway	10.85-10.90	10.86-10.87	2¼-3⅝ore dis	-2.80	9⅛-9⅝ dis	-3.48
France	11.83-11.91	11.88-11.89	2⅝-4⅜c dis	-3.53	12-15 dis	-4.54
Sweden	10.58-10.63	10.59-10.60	1⅞-2⅜ore dis	-2.50	5⅞-6⅛ dis	-2.12
Japan	438-445	442-443	2.10-1.80y pm	5.23	5.05-5.75 pm	5.23
Austria	30.05-30.25	30.10-30.15	13-9gro pm	4.38	49-37 pm	5.71
Switz.	3.62-3.66	3.64½-3.65½	2⅝-1⅝c pm	5.60	6⅝-5⅝ pm	5.72

Belgian rate is for convertible francs. Financial franc 88.95-89.05. Six-month forward dollar 2.87-2.97c dis. 12-month 4.85-5.00c dis.
* The closing rate for June 23 should have read 4.28½-4.29½.

THE DOLLAR SPOT AND FORWARD

June 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7340-1.7450	1.7360-1.7370	0.35-0.45c dis	-2.76	1.36-1.46dis	-3.25
Ireland†	1.3950-1.4005	1.3950-1.3970	0.52-0.44c pm	4.12	1.30-1.15 pm	3.50
Canada	1.2740-1.2860	1.2840-1.2850	0.17-0.20c dis	-1.73	0.43-0.48dis	-1.42
Nethlnd.	2.7065-2.7325	2.7295-2.7325	1.57-1.47c pm	6.71	4.85-4.75 pm	7.07
Belgium	46.89-47.00	46.91-46.93	3-5c dis	-1.02	14-17 dis	-1.32
Denmark	8.4900-8.5175	8.5060-8.5100	¾-⅞ore pm	0.88	¾-⅞ pm	0.23
W. Ger.	2.4560-2.4660	2.4650-2.4660	1.35-1.31pf pm	6.50	4.33-4.28 pm	6.98
Portugal	83.10-84.25	83.50-83.75	30-130c dis	-11.49	70-370 dis	-10.53
Spain	111.00-111.50	111.25-111.30	75-85c dis	-8.63	180-220dis	-7.37
Italy	1,384-1,390	1,389½-1,391½	5-6¼ lire dis	-4.85	16¼-18¼dis	-5.05
Norway	6.2400-6.2670	6.2530-6.2580	0.20ore pm-0.20dis	—	0.20pm-0.20dis	—
France	6.8200-6.8475	6.8225-6.8275	⅜-⅞c dis	-0.86	1.80-2.20dis	-1.17
Sweden	6.0940-6.1090	6.0940-6.0970	0.10ore pm-0.20ore dis	0.20	1.60-1.40 pm	0.98
Japan	253.10-254.75	254.55-254.65	1.75-1.67y pm	8.06	5.65-5.48 pm	8.69
Austria	17.29-17.37	17.35½-17.36½	11½-10gro pm	7.36	34-31 pm	7.49
Switz.	2.0950-2.1010	2.0995-2.1005	1.72-1.64c pm	9.60	5.24-5.16 pm	9.90

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

June 24	Bank of England Index	Morgan Guaranty Changes%
Sterling	91.4	-32.9
U.S. dollar	120.4	+19.6
Canadian dollar	86.0	-21.8
Austrian schilling	117.1	+28.4
Belgian franc	96.2	-1.2
Danish kroner	82.4	-14.3
Deutsche mark	125.0	+49.2
Swiss franc	145.1	+95.0
Guilder	113.0	+23.1
French franc	74.1	-30.0
Lira	53.2	-58.6
Yen	133.0	+99.8

Based on trade weighted changes from Washington agreement December, 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

June 24	Bank rate %	Special Drawing Rights	European Currency Units
Sterling	—	0.629240	0.560909
U.S. $	12	1.09944	0.960786
Canadian $	16.59	1.40854	1.23350
Austria Sch.	6¾	18.9546	16.6918
Belgian F	14	51.2109	45.0176
Danish Kr.	11	9.36902	8.15707
D mark	7½	2.69550	2.35682
Guilder	8	2.96680	2.61045
French Fr.	9½	7.45754	6.55448
Lira	19	1515.76	1332.37
Yen	5½	277.480	243.559
Norwgn. Kr.	9	6.84468	6.00031
Spanish Pts.	8	121.479	106.701
Swedish Kr.	10	6.66115	5.85887
Swiss Fr.	5½	2.32754	2.03321
Greek Dr'ch.	20½	N/A	65.5362

* CS/SDR rate for June 23: 1.41228.

OTHER CURRENCIES

June 24	£	$		Note Rates
Argentina Peso	26,780-26,830	15,400-15,450	Austria	30.00-30.30
Australia Dollar	1.6055-1.6075	0.9770-0.9775	Belgium	86.90
Brazil Cruzeiro	294.81-295.31	169.06-169.93	Denmark	14.76-14.88
Finland Markka	8.093-8.217	4.7300-4.7320	France	11.82-11.92
Greek Drachma	115.85-120.87	68.50-70.00	Germany	4.25-4.30
Hong Kong Dollar	10.22-10.23½	5.8826-5.8876	Italy	2370-2410
Iran Rial	148.00*	84.70*	Japan	440-446
Kuwait Dinar(KD)	0.5004-0.5014	0.2880-0.2882	Netherlands	4.70½-4.74½
Luxembourg Fr.	81.40-81.50	46.91-46.93	Norway	10.82-10.92
Malaysia Dollar	4.0870-4.0970	2.3520-2.3560	Portugal	141-147
New Zealand Dlr.	2.3330-2.3375	1.3440-1.3460	Spain	185¼-194¼
Saudi Arab. Riyal	5.9690-5.9770	3.4300-3.4315	Sweden	10.55-10.67
Singapore Dollar	3.74-3.75	2.1530-2.1560	Switzerland	3.62-3.66
Sth. African Rand	1.9780-1.9795	1.1380-1.1400	United States	1.73-1.75
U.A.E. Dirham	6.3790-6.3870	3.6715-3.6735	Yugoslavia	90¼-107¼

* Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU June 24	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9704	45.0176	+0.10	-0.05	±1.6430
Danish Krone	8.23400	8.15707	-0.93	-1.08	±1.6501
German D-Mark	2.33379	2.35682	+1.23	+1.08	±1.0888
French Franc	6.61387	6.55448	-0.90	-1.05	±1.3940
Dutch Guilder	2.57971	2.61045	+1.19	+1.04	±1.5004
Irish Punt	0.691011	0.686521	-0.65	-0.80	±1.6691
Italian Lira	1350.27	1332.37	-1.33	-1.33	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

June 24	Pound St'rling	U.S. Dollar	Deutschem'k	JapaneseYen	FrenchFranc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.737	4.285	442.6	11.885	3.648	4.733	2409.	2.230	81.45
U.S. Dollar	0.576	1.	8.469	254.8	6.844	2.100	2.785	1387.	1.284	46.90
Deutschemark	0.233	0.406	1.	103.3	2.774	0.851	1.104	562.2	0.590	19.01
Japanese Yen 1,000	2.260	3.024	0.684	1000.	26.86	8.243	10.69	5444.	3.040	184.1
French Franc 10	0.841	1.461	3.905	372.3	10.	3.069	3.282	2027.	1.878	68.53
Swiss Franc	0.274	0.472	1.173	121.3	3.258	1.	1.207	660.5	0.611	22.33
Dutch Guilder	0.211	0.367	0.905	93.50	2.511	0.771	1.	509.0	0.471	17.21
Italian Lira 1,000	0.415	0.721	1.779	183.7	4.934	1.514	1.865	1000.	0.823	33.81
Canadian Dollar	0.448	0.779	1.922	198.4	5.330	1.633	2.122	1080.	1.	36.52
Belgian Franc 100	1.228	8.132	5.261	543.3	14.60	4.478	5.810	8958.	2.738	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JUNE 24)

3 months U.S. dollars		3 months U.S. dollars	
bid 15 1/16	offer 16 5/16	bid 16 5/16	offer 13 7/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rate for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

June 24	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	18¾-13	15-15¼	14⅛-16½	7½-8	¾-1	9⅝-8¾	15⅛-15¾	17⅛-19	14½-15	14½-15¼	7⅜-7⅝	9-8½
7 day's notice	12⅞-13	15-15¼	16½-17½	9⅛-8⅜	9½-8¾	8⅞-8⅞	15¼-15¾	18-19½	15-17½	16½-15¾	7⅜-7⅝	9½-10
Month	18⅛-13	15⅝-15⅝	16⅞-17⅛	8⅝-8⅞	6½-6⅝	9⅞-0	15⅝-16⅛	10⅝-20⅝	16-17	15⅝-15⅞	7⅛-7⅞	14½-16
Three months	13-13⅛	16-16¼	17⅛-17¾	8⅞-9⅞	5⅞-5⅞	8⅞-0⅞	17-17⅛	20¾-21⅝	16⅝-17⅝	15¾-16	7⅞-7⅞	16⅞-18⅛
Six months	13⅛-13⅞	19¼-16½	17⅛-17¾	8⅞-0⅞	6⅞-6⅞	0⅞-0⅞	19¼-18¾	21½-22	16¾-17¾	15⅝-16⅞	7⅞-7⅞	17⅜-18⅞
One Year	13⅞-13⅞	16⅞-16⅞	17½-17¾	9¼-0⅝	6⅝-3⅞	9⅞-0⅞	19⅜-19⅞	21⅞-22½	16½-17⅛	15⅞-16⅞	7¼-7⅜	17⅝-10⅛

SDR linked deposits: one-month 12⅞-13⅛ per cent; three months 13⅝-13⅞ per cent; six months 13⅞-13⅞ per cent; one-year 13⅞-13⅞ per cent.
ECU linked deposits: one-month 12⅛-12⅞ per cent; three months 12⅞-13⅞ per cent; six months 13⅞-13⅞ per cent; one-year 13⅞-13⅞ per cent.
Asian $ (closing rates in Singapore): one-month 15⅞-15½ per cent; three months 16-16⅛ per cent; six months 16⅞-16⅞ per cent; one-year 16-16¼ per cent. Long-term Eurodollar two years 15⅞-16⅛ per cent; three years 15⅞-16⅛ per cent; four years 15⅞-16⅛ per cent; five years 15⅞-16⅛ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two days' notice.
The following rates were quoted for London dollar certificates of deposit: one-month 15.05-15.15 per cent; three-months 15.65-15.75 per cent; six months 15.90-16.00 per cent; one-year 15.75-15.85 per cent.

MONEY MARKETS

London rates little changed

UK clearing bank base lending rate 12½ per cent (since June 8)

UK interest rates showed little change in London yesterday in generally quiet and featureless trading. The Bank of England forecast a shortage of around £300m with factors affecting the market including bills maturing in official bands and a net take up of Treasury bills —£342m partly offset by Exchequer transactions adding £60m to the system.

The Bank gave assistance of £248m in the morning, comprising purchases of £9m of eligible bank bills in band 1 (up to 14 days) at 12⅞ per cent and in band 2 (15-33 days) £5m of local authority bills and £85m of eligible bank bills all at 12¾ per cent. In band 3 (34-63 days) it bought £2m of Treasury bills and £71m of eligible bank bills all at 12⅝ per cent and in band 4 (64-91 days) £9m of Treasury bills, £3m of local authority bills and £64m of eligible bank bills (64-84 days) all at 12½ per cent. Further help of £15m was given in the afternoon, making a grand total of £263m. The afternoon help comprised purchases of £10m of eligible bank bills in band 2 at 12¾ per cent and £5m of Treasury bills in band 4 at 12½ per cent.

In the interbank market overnight money opened at 12¾-12⅞ per cent and spent most of the morning at 12⅞-13 per cent before easing to 12⅞ per cent. Rates firmed in the afternoon to 13¼-13¾ per cent but eased back to 12½ per cent. Closing balances were taken up to 13 per cent.

In Paris the Bank of France lowered its call money rate to 15⅝ per cent from 16⅞ per cent and it is now at the lowest level since March. At the same time the authorities cut their money market intervention rate to 15¼ per cent from 15½ per cent when buying first category paper from the market. These latest moves are seen as part of a continuing policy by the French authorities to reduce interest rates now that the French franc is well placed within the European Monetary System following the recent devaluation.

In Amsterdam the official call money rate was raised to 7.5 per cent from 6 per cent, having been cut from 8.25 per cent on Wednesday. The end of some Fl 1.1bn of currency swaps accounted for the rise in rates although money is still likely to remain comparatively cheap.

EUROCURRENCIES

$ rates firm

Euro-dollar rates were generally firmer yesterday, underpinned by continuing worries over the size of the U.S. Budget deficit and the probability of higher Federal fund rates in the weeks to come. End of month influences may also have served to boost demand. Consequently the dollar was slightly weaker in forward trading showing a wider discount against sterling. However the Deutsche Mark was weaker as its forward premium narrowed although this was a reflection of the Deutsche Mark's improvement against the dollar in the spot market. The Swiss franc and Japanese yen also moved in a similar fashion while discounts on the forward French franc narrowed as a reflection of lower domestic interest rates.

MONEY RATES

NEW YORK

Prime rate	16½
Fed funds (lunch-time)	14¾-15
Treasury bills (13-week)	12.74
Treasury bills (26-week)	13.14

GERMANY

Lombard	9.00
Overnight rate	9.025
One month	9.15
Three months	9.40
Six months	9.45

FRANCE

Intervention rate	15.25
Overnight rate	16.625
One month	15.3125
Three months	15.3125
Six months	15.0

JAPAN

Discount rate	5.5
Call (unconditional)	7.21875
Bill discount (three-month)	7.28125

LONDON MONEY RATES

June 24 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	12½-13¾	12¾	—	—	12¾-13¼	12½-12¾	—	—	—
2 days notice	—	—	12¾-12¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	—	12¾	—	—	13-13¼	12½	—	—	—
One month	12¾-12⅝	12¾-12⅞	13	13⅛-13¼	12¾	12¾	12⅝	12⅝	12⅝	13
Two months	13-12⅞	13-12⅞	—	13⅛-13	12⅞	—	—	12⅝	12⅝	13⅛
Three months	13⅛-12⅞	13⅛-13	13	13¼-13⅛	13	—	—	12½	12½	13⅛
Six months	13⅛-13	13⅛-13¼	13⅛	13⅜-13¼	13¼	—	—	—	—	—
Nine months	13⅛-13⅛	13¼-13⅜	—	13½-13⅜	—	—	—	—	—	—
One year	13⅛-13	13⅛-13⅜	13⅛	13⅝-13½	13⅜	—	—	—	—	—
Two years	—	—	13⅜	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates, nominally three years 13¾ per cent; four years 14 per cent; five years 14 per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 12⅝ per cent; four months trade bills 13 per cent.

Approximate selling rate for one-month Treasury bills 12⅜ per cent; two months 12⅜ per cent; three months 12⅛ per cent. Approximate selling rate for one-month bank bills 12⅜ per cent; two months 12⅝ per cent and three months 12⅜ per cent; one-month trade bills 12¾ per cent; two months 12¾ per cent; three months 12¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14 per cent from June 1, 1982. London and Scottish Clearing Bank Rates for lending 12½ per cent. London Clearing Bank Deposit Rates for sums at seven days' notice 9½ per cent. Treasury Bills: Average tender rates of discount 12.2425 per cent. Certificates of Tax Deposit (Series 5) 13 per cent from June 8. Deposit withdrawn for cash 10½ per cent.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

[illegible]

NOTES

[illegible]

INSURANCE & OVERSEAS MANAGED FUNDS

INSURANCES

Abbey Life Assurance Co. Ltd.
1-3 St. Paul's Churchyard, EC4 4DX. 01-248 9111

Property Fund	227.6	239.6	...	—
Equity Fund	48.8	51.4	...	—
Property Acc.	266.6	280.7	...	—
Equity Acc.	48.4	51.0	...	—
Selective Fund	146.7	154.5	+1.0	—
Money Fund	167.0	175.8	...	—
Convertible Fund	179.1	188.6	...	—
Prop. Fd. Ser. 4	210.1	221.2	...	—
Equity Ser. 4	54.5	57.4	...	—
Man. Ser. 4	197.3	207.7	...	—
Money Ser. 4	151.5	159.5	...	—
Conv. Ser. 4	151.6	159.6	...	—
Fixed Int. Fd. Ser. 4	116.5	122.7	...	—
American Ser. 4	109.8	115.6	+1.0	—
High Inc. Ser. 4	116.3	122.5	...	—
Indexed Inv. Series 4	96.9	102.1	...	—
Pension Property	317.9	334.7	...	—
Pension Equity	281.2	296.0	...	—
Pension Selective	148.1	155.9	...	—
Pension Managed	275.0	289.5	-0.2	—
Pension Security	222.7	234.5	...	—
Pension Fixed Int.	113.8	119.8	-0.3	—
Pension Indexed Inv.	96.9	102.1	-0.3	—

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1. 01-437 5962

Equity Fd. Acc.	317.0	333.6	+0.4	—
Fixed Int. Acc.	194.6	204.8	-0.4	—
Gtd. Money Fd. Ac.	156.5	164.7	+0.1	—
Intl. Man. Fd. Acm.	140.2	147.5	+1.2	—
Intl. Fxd. Int. Fd.	106.7	112.3	-0.1	—
Prop. Fd. Acc.	159.4	167.8	+0.3	—
M'ple Inv. Acc.	247.8	260.8	+0.6	—
Equity Pen.Fd.Acc	434.4	457.3	+0.7	—
Fixed I. Pen.Acc	311.8	328.2	-0.9	—
G'td. Mon. Pen.Acc.	216.9	228.3	+0.1	—
Intl. Mn. PnFdAcc	161.4	169.9	+1.5	—
Prop. Pen.Acc.	210.4	221.4	+0.4	—
M'ple Inv. Pen.Acc	357.2	376.0	+1.0	—

AMEV Life Assurance Ltd.
2-4, Prince of Wales Rd., B'mouth. 0202 762122

Managed Fd.	193.5	203.9	-4.4	—
Money Fd.	143.9	151.5	+0.2	—
Equity Fd.	148.5	156.5	-3.6	—
Fixed Int. Fd.	94.4	99.5	-9.8	—
Property Fd.	154.3	162.6	+1.1	—
Managed Pen. Fd.	173.0	182.3	...	—
Equity Pension Fd.	99.3	104.6	...	—
Fixed Int. Pens. Fd	123.0	129.6	...	—
High Yield Pens. Fd.	123.0	129.6	...	—
Minty Pension Fd.	113.1	119.1	...	—
Property Pension Fd.	110.9	116.9	...	—
Flexiplan	122.6	129.2	...	—
AMEV/Framlington				
American & Gen. Fd.	137.0	144.4	+1.5	—
Income Fd.	135.4	142.7	+0.5	—
Intl. Growth Fd.	147.7	155.6	+1.3	—
Capital Fund	138.7	146.2	+0.3	—

Crown Life—Continued

St. George Mangd. Fd.	110.1	[illegible]	...	—
Lincs & Gen.Fd.	119.6	[illegible]	...	—
Sage Fd.	86.1	[illegible]	...	—
Heritage Fd.	98.3	[illegible]	...	—
DBS Managed	104.1	[illegible]	...	—
Crown. Brit. Inv. A	217.2		...	—
Pens. Mixed. Fd.	146.0	[illegible]	...	—
Pens. Mang'd. Acc.	108.8	114.5	...	—
Pens. Mang'd. Int.	105.1	110.6	...	—
Pens. Equity Acc.	100.5	105.7	...	—
Pens. Equity Int.	96.8	101.8	...	—
Pens. Fxd. Int. Acc.	106.4	111.9	...	—
Pens. Fxd. Int. Int.	102.7	108.1	...	—
Pens. Money Acc.	108.5	114.3	...	—
Pens. Money Int.	104.8	110.3	...	—

Crusader Insurance PLC
Tower Hse, 38 Trinity Sq, EC3N 4DJ 488 2323

Growth Prop June 5	100.7	110.7	...	—
Managed Pens. June 9.	117.24	123.41	...	—

Eagle Star Insur./Midland Assur.
1, Threadneedle St., EC2. 01-588 1212

Eagle/Mid. Units	76.9	79.7	+0.2	6.24

Equity & Law Life Ass. Soc. Ltd.
Amersham Road, High Wycombe. 0494 33377

UK Equities Fund	185.5	195.3	...	—
Higher Inc. Fund	119.1	125.3	...	—
Property Fund	191.8	201.8	...	—
Fixed Interest Fund	139.7	147.0	...	—
Index Linked Secs Fnd.	93.3	98.2	...	—
Gtd. Deposit Fund	135.6	142.7	...	—
Nth. America Fund	103.3	108.7	...	—
Far East Fund	83.9	88.3	...	—
International Fund	96.9	101.9	...	—
Mixed Fund	165.0	173.6	...	—

Equity & Law (Managed Funds) Ltd.
Amersham Road, High Wycombe. 0494 33377

Ind. Pen. Equity	194.2	204.4	...	—
Ind. Pen. Property	144.1	151.6	...	—
Ind. Pen. Fixed Int.	138.4	145.6	...	—
Ind. Pen. Indx Lk. Scs.	102.9	108.3	...	—
Ind. Pen. Overseas	145.0	152.6	...	—
Ind. Pen. Cash	135.5	142.6	...	—
Ind. Pen. Balanced	153.9	161.9	...	—
Ind. Pen. Dep. Admin.	135.5	142.6	...	—

Prices at June 30. Next settlement July 25.
Group Pension Funds—Prices Available On Request.

Family Assurance Society
60, East Street, Horsham. 0403 50255

Family A. Managed	166.8	170.2	...	—
Family B. Managed	89.2	91.0	...	—
Family C. Srt.	75.3	76.8	...	—
Family D. Fixed Int.	109.2	111.4	...	—
Family Capital Mngd.	90.1	92.0	...	—
Family Brit. II	55.8	56.7	...	—

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ. 01-628 0131

OFFSHORE AND OVERSEAS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1982 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
98 13/16	95⅝	Exch. 9¼pc 1982	98 13/16	+1/16	9.35	13.26
98⅞	94⅞	Exch. 8¼pc 1983	98¼xd	......	8.91	12.22
95¼	91	Exch. 3pc 1983	94¾	......	3.17	11.41
99½	95¾	Treasury 12pc 1983‡‡	99¼	......	12.09	12.96
98	92⅞	Treasury 9¾pc '83	97¼xd	......	9.51	12.13
102	96⅞	Exch. 13½pc '83	100⅞	......	13.38	12.71
98⅛	91⅞	Exch. 10pc 1983	97¼	......	10.28	12.08
94½	87⅝	Funding 5½pc '82-84‡‡	94½xd	......	5.82	9.37
98⅞	91⅞	Exch. 11¼pc 1984	97⅜	......	11.55	13.01
102⅜	96¼	Exchequer 14pc. 1984	101⅛	......	13.84	13.27
89½	81⅛	Exch. 3pc 1984	88¾	......	3.38	9.34
98½	91½	Treasury 12pc 1984	97⅜	+⅛	12.32	13.31
104½	96¼	Treasury 15pc 1985	103⅝	+⅛	14.51	13.41
98⅜	89½	Exch. 12pc Cnv. '85	96⅞	......	12.39	13.35
83	73½	Treasury 3pc 1985	83	......	3.61	9.87
97¼	87½	Treasury 11½pc 1985	96⅛xd	......	11.96	13.10
96⅞	88⅝	Exch. 12¼pc 1985	97¼	......	12.60	13.24
96¼	86⅛	Exch. 11¾pc '86	95⅛	......	12.35	13.45
79	69	Treasury 3pc 1986	79	......	3.80	9.57
97¼	86¾	Treasury 12pc '86	95¾	......	12.53	13.41
90½	80⅜	Treasury 8¼pc '84-86‡‡	89¾xd	......	9.47	11.76
30⅛	28⅝	Treas. 12¾pc '86 (£30pd)	29¼	+⅛	12.63	13.24
102⅜	91⅞	Exch. 14pc 1986	101¼	+¼	13.83	13.57
103⅞	90	Exch. 13¾pc 1987	99¼xd	+⅛	13.37	13.52

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked & Variable Rate

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

LOANS—Continued

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

BANKS & H.P.—Cont.

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
180	139	Jardine M. SHK5	162	+2	†Q92c	2.3	5.5	8.0
49	32	Jenks & Cattell.	32	......	1.0	—	4.5	—
258	187	Johnson Clnrs.	219	−1	7.7	2.3	5.0	12.2
162	98	Johnson Grp 10p	133	......	4.0	6.2	4.3	5.3
295	220	Johnson Mthy. £1	236xd	−2	10.0	φ2.1	6.1	(8.9)
80	64	Jourdan (T.) 10p	68	......	5.25	0.6	11.0	(20.0)
48	40	Kalamazoo 10p	44	......	2.5	0.9	8.1	20.4
170	135	Kelsey Inds.	143	−2	8.0	2.1	8.0	8.2
152	138	Kennedy Sm. 10p	145	+3	†4.38	4.1	4.3	7.7
310	200	Kershaw (A.) 5p	200	......	21.75	0.5	15.5	(12.8)
51	41	Kleen-E-Ze Hldgs.	44	......	5.5	0.7	17.9	(11.9)
63	52	L.C.P. Hlds.	53xd	+1	5.6	φ	9.7	φ
56	29½	L.R.C. Int. 10p	55	......	2.5	1.6	6.5	12.5
46	34	Lawtex	37	......	‡1.5	—	—	—
188	153	Lead Inds. 50p	160	......	9.66	1.8	8.6	(8.7)
375	277	Lep Group 10p	375	......	17.5	φ	6.9	φ
18	10	Lesney Prods. 5p	11φ	......	—	—	—	—
37	28	Lilleshall 10p	30	......	2.5	—	11.9	—
60	39	Lon. & Lhr. 10p	58	−1	†2.7	3.3	4.2	8.6
182	83	London & Midl'd	83	......	7.75	1.1	13.3	(9.9)
52	36	Lon. & Nthn. Grp.	44	......	3.75	2.1	12.2	4.7
33	23	‡Lon. Priz. Health	31	......	—	—	—	φ
9½	3½	Long Hambly. 10p	3½	......	8—	—	—	—
46	36	Longton Inds.	40	......	1.0	—	3.6	—
72	33	Lonsdale Univrsl.	66	......	φ1.0	0.9	2.2	(80.0)
145	95	Low & Bonar 50p	96	−1	7.0	1.6	10.4	(7.4)
30½	22	M.Y. Dart. 10p	22	......	1.33	—	8.7	—
168	105	M'c'rthy Ph. 20p	162	......	7.0	2.8	6.2	7.5
110	70	Macfarlane Gp.	110	+1	4.0	2.2	5.2	11.3
37	25	Maclellan 20p	36φ	......	1.49	1.6	5.7	(15.8)
85	56	Macpherson (D.)	58	+1	4.2	2.5	10.3	8.5
62	53	Magnolia Group	57½	−1½	2.3	3.9	5.9	3.7
108	70	Man. Ship Can. £1	70	......	—	—	—	—
49	38	Marley	39	......	2.25	1.5	8.5	(10.1)

LEISURE—Continued

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr
45	33	Fairline Boats 10p	37	......	d1.0	—
18	13½	GRA Group 5p	13½	......	—	—
42	22	Glasgow Pavilion 10p	23	......	—	—
48	32	Grampian TVA 10p	44	......	3.25	3.8
146	107	HTV Non/Vtg.	139	......	†10.0	2.7
218	139	Horizon	193	−2	h1.0	5.3
151	95	‡Intasun 10p	123	......	b2.8	5.7
31	22	Lancaster (D. M.) 5p	26	......	φ0.7	3.1
159	112	LWT "A"	138	......	†10.07	1.7
133	116	Leisure Inds. Grp.	131	......	g5.0	φ
125	91	Magnl. Ag. M. 10p	99	......	8.75	1.5
67	57	Medminster 10p	59	......	3.7	2.4
238	140	‡Mimsio Int 20c.	180	......	—	—
42	33	Norton & Wrt. 10p	40	......	d1.0	—
74	64	Old Swan (H'gate) 10p	66	+1	g0.8	1.6
28	14	‡Owners Abroad	24½	......	d0.35	4.6
62	52	Photax (Lon.)	60	......	3.5	3.8
280	149	Pleasurama 5p	215	−3	†t4.75	5.2
*121	84	Riley Leisure 10p	96½	......	t4.1	1.7
179	128	Saga Hols. 20p	130	......	†h3.73	4.6
173	125	Samuelson 20p	162	......	d8.77	—
99	76	Scott. TV 'A' 10p	85	......	7.0	3.8
50	36	‡SelecTV 10p	39	......	—	—
10	13	TSW 5p	15	......	H0.6	—
51	31	‡TVS N/Vtg 10p	49	−1	—	—
100	62	Trid'nt TV 'A' 10p	74	−1½	4.26	2.1
210	92	21st Century Dist. Co.	180	......	—	—
27½	19	Webb (Jos.) 5p	20	......	h0.51	2.5
93	69	Zetters 5p	76	......	2.75	3.1

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
120	75	Falcon Rh.50c	80	......	Q25c	10.3	23.3
33	28	Wankie Col. Z$1	20	......	Q3c	2.2	12.1
23	13	Zam.Cpr.SBD0.24	13	......	—	—	—

Australian

Tins

Copper

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NOTES

REGIONAL AND IRISH STOCKS

OPTIONS

3-month Call Rates

"Recent Issues" and "Rights" Page 31

FINANCIAL TIMES
Friday June 25 1982

EEC steelmakers' quotas cut

BY GILES MERRITT IN BRUSSELS

THE EUROPEAN Commission's third quarter production quotas for EEC steelmakers are as much as 20 per cent down on second quarter quotas, because of sharply falling demand.

The commission expects steel consumption within the Community to reach only 24m tonnes in the third quarter, compared with 25m tonnes in the corresponding period of 1981 and more than 26m tonnes in the first quarter of this year. Second quarter figures are not yet complete.

Export markets are also contracting, notably because of the U.S. Commerce Department's countervailing duties imposed a week ago on allegedly subsidised steel shipments from many European producers.

These duties are expected to wipe 1.5m tonnes off EEC steel exports in the next three months, bringing total exports down to 5.5m tonnes, compared with 8.3m tonnes in the third quarter of 1981.

The commission forecasts crude steel output between July and September of 26.2m tonnes, compared with 30.1m tonnes in the corresponding period of 1981 and 32m tonnes in the first quarter of this year.

The cuts are certain to place fresh strains on the Community's prices and production regime. This system of largely mandatory output controls and voluntary price disciplines was renewed by member governments only weeks ago, and will thus run for a further year from July 1. However, there are fears that worsening market pressures may threaten its effectiveness in the coming months.

Although steelmakers' efforts to restructure through accelerated closures and capacity cutbacks have yet to make an impact on the EEC's serious steel overcapacity problem, the anti-crisis regime is credited with helping prices rise by an average 25 per cent since mid-1981.

The danger that now faces the system is not only that of lower production. The divisive nature of the U.S. duties could also push some major EEC steelmakers into breaking ranks on prices.

The U.S. assessment of subsidies paid by different EEC governments to steel producers severely penalised producers in Britain, France, Belgium and Italy with preliminary duties of up to 40 per cent. Steelmakers in West Germany, the Netherlands and Luxembourg, on the other hand, were largely spared.

The hardest-hit steelmakers are therefore seeking to make good their lost U.S. markets through increased sales inside the EEC. If this leads to price cuts, it risks destroying the market disciplines of the steel regime.

The Eurofer "club," grouping the EEC's 12 major producers, is due to meet soon to review the worsening market outlook, and to discuss proposals for a system of "burden sharing." This would entail those steelmakers still free to export to the U.S. helping to maintain market stability inside the Community by making important concessions to their competitors.

Scargill threatens national action

By John Lloyd, Labour Editor

MR ARTHUR SCARGILL, president of the National Union of Mineworkers, led his executive out of talks with the National Coal Board after three-and-a-half minutes yesterday to threaten national industrial action throughout Britain's coalfields.

He told several hundred cheering supporters—many of whom had invaded the NCB offices near Victoria station, London—that the board had "reneged on an undertaking," given at a meeting on May 19, to produce a list of pits due for closure.

He said that if the board did not withdraw its plans to cease production at Snowdown Colliery, Kent, the NUM executive would decide on industrial action at its meeting next Thursday.

That decision would be put as a recommendation to the mineworkers' annual conference in Inverness the following week.

He warned that the era of "behind the door negotiations" was at an end—a reference to the negotiating style adopted by his predecessor, Lord Gormley—and said: "We are now in an era of open negotiations."

Mr Norman Siddall, the board's newly appointed chairman, later emphatically denied Mr Scargill's claims. He said there was no closure or "hit" list of collieries, but admitted that some 50 to 60 pits were uneconomic and "under serious review" at any given time.

Mr James Cowan, the NCB joint deputy director with responsibility for industrial relations, said he wrote to Mr Scargill on June 15 denying that a promise had been given at the May meeting to produce a list.

He had repeated that view at a meeting with Mr Scargill on Monday and stressed again the lack of a "hit list."

Mr Scargill told demonstrators—many from Kent—that the fight against closures was not confined to Snowdown, but was a nationwide problem.

"Snowdown is but one of the issues we have to face. Snowdown's closure means a green light for the Coal Board to close others. We do not intend to allow it to close."

However, indications yesterday pointed to the possibility of splits in the Kent miners' ranks. The area board claims to have received about 280 inquiries from Kent on redundancy terms, nearly 10 per cent of the field's workforce.

The form of action to be decided on by the NUM is in considerable doubt. Mr Scargill yesterday talked of "direct action"—but it is thought likely that this would stop short of a strike call, which would require a simple majority on a pithead ballot.

He also sought to widen the action to include rail and steel unions, partners with the mineworkers in the Triple Alliance.

Scargill tactics, Page 11

THE LEX COLUMN

Redland looks to the west

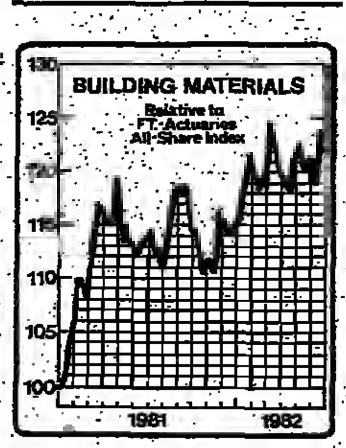
Redland's pre-tax profits have emerged more or less in line with the forecast in the Cawoods' merger document at £43.5m. While this represents a decline of 7 per cent, the company looks a very different, and more attractive, animal than this time a year ago. In the UK it has cleaned up peripheral activities and loss makers, while the acquisition of Cawoods means that net debt should fall to around 25 per cent of shareholders' funds by the end of the year. With its expanded balance sheet, Redland is now looking aggresaively for a sizeable acquisition in the U.S.

There is even a pick up on the UK trading front. In the year to March volume tumbled by about a tenth, and profits were only held — more or less —through an 11 per cent reduction in the workforce. But in the last two months the company has seen a significant pick-up in demand, with the higher number of housing starts feeding through to brick and tile volumes, and road-building and repair activity calling for more aggregates. This demand has been satisfied without increasing labour levels, so margins have responded strongly. If the recovery is sustained profits could increase by £6m or more. Meanwhile, the Cawoods businesses are also performing well.

Abroad the picture is less buoyant. A sluggish West German construction market means that Braas is responsible for most of the 25 per cent decline in overseas subsidiaries, and Improvement is unlikely this year. Both the U.S. and Australia have been flat and are likely to remain so.

In the current year, the company should start to make inroads into its past unrecovered ACT thanks to Cawoods, while the higher proportion of UK profits should also reduce the tax rate. So underlying attributable earnings may rise up to a fifth, which should presage an increase in the dividend — just covered by current cost earnings. The shares were unchanged yesterday at 172p, where the yield is 6.3 per cent.

Index fell 1.7 to 554.2



13.6 per cent lower at £12.1m.

But the heavy spending, coupled with careful attention to costs, should now allow any volume benefits to pass straight through to the bottom line. This is already happening. Despite a very dull first quarter, occupancy rates in the London hotels were up 4 percentage points during the first half and the trend is quickening. American tourists have apparently returned in style.

Progress in the provincial hotels is much slower, but here too there has been some pick-up and a March tariff increase, averaging around 10 per cent overall, seems to be sticking. THF will be leaning heavily on its UK hotels this year to compensate for a dull patch elsewhere. The U.S. could well be down, even in sterling terms, and the leisure interests are likely to mark time. Any advance in France will probably be cancelled on translation by the devaluation of the franc.

THF should clear £60m pre-tax for the full year but, after the rights issue dilution, this would still leave earnings per share lower for the third successive year. At last night's price of 119p, the shares trade on a prospective earnings multiple of roughly 18 times, fully taxed. The gates of the Savoy have opened again, but its caretakers look as unwelcoming as ever.

Trusthouse Forte

Trusthouse Forte spent £210m on fixed capital during its last two financial years, more than double the amount generated from retained earnings and depreciation. On top of that, it has tied up £36m in Savoy shares which yield next to nothing. So, even after last year's £84m rights issue, it has incurred a significant rise in aggregate depreciation and interest charges during the six months to April, leaving pre-tax profits

Steel foundries

Lazard Brothers' plan for a peaceful rationalisation of the steel foundry sector seemed to have foundered last December, when F. H. Lloyd decided not to take part. Lloyd is the largest producer of steel castings in the UK, operating nearly a quarter of the total capacity. Naturally, when it remained outside the scheme, looking to pay none of the costs but to pick up tonnage closed by the participants, nobody else was prepared to play.

The arrival of new management at Lloyd has allowed the issue to be reopened. Lazards are now incubating a fresh scheme, which may see the light in another month or so.

Objections to the original scheme revolved mainly around fears that too little capacity would actually shut, while companies which elected to keep plant open would be compensating the "closers" only to find that the slack had been taken up by imports or free-loading domestic foundries. Two new ideas, which have emerged in discussion between Lloyd and Lazards, may soothe doubtful starters.

It is proposed to gear compensation to the actual transfer of tonnage from closers to openers; perhaps as much as a fifth of the levy on continuing producers might be left to depend on their actual gain in output. And declared players will have an unpressured period in which to decide whether their advantage lies in closing or staying open.

Courtaulds

The Courtaulds annual report is, as usual, a mine of information written on what looks like recycled paper. It confirms categorically that the group's problems remain in the UK, and in textiles. The domestic operations produced a return on capital employed of only 7 per cent last year, roughly a quarter of the overseas average.

Courtaulds managed to reduce the proportion of capital employed in the UK from 67 to 60 per cent of the total during the year. In 1980-81, working capital reductions were drastic enough to leave a cash inflow of £52.3m after paying £69.3m for closures and reorganisation.

Last year progress was rather slower and working capital could now actually turn up again on any recovery in demand. But, to compensate, Courtaulds is now seeing the benefits of its painful attack on fixed costs. In fabrics, for instance, operating cash flow fell by 50 per cent last year but the trading balance showed a £13m swing into profit.

Underlying this performance was a marked improvement in the group's productivity. Value added per employee, which rose only one per cent in 1980-81, was up 18 per cent last year. Austerity has brought its rewards.

High Noon at the House of Fraser

By John Moore, City Correspondent

MR ROLAND "Tiny" Rowland's Lonrho clashed yesterday with House of Fraser, the Harrods stores group which Mr Rowland's multinational trading group is seeking to take over.

"I suppose you could call it High Noon," said Professor Roland Smith, chairman of the House of Fraser, as he opened the annual general meeting of shareholders in Glasgow. Before him in the front rows were the assembled ranks of Lonrho executives ready to do battle.

The issue revolved around a number of technical resolutions but were essentially about a simple matter. House of Fraser directors were seeking the authority to issue more shares in the future. Lonrho did not want them to have this right.

Putting the Lonrho arguments was the urbane figures of Sir Edward du Cann, Conservative MP for Taunton, who sits on Lonrho's board. As the mellifluous tones of the parliamentarian argued that the company should not seek to change itself in any shape or form while it was the subject of a bid possibility, the hard-headed professor of marketing from Manchester University snapped back from the rostrum: "You will not dominate this meeting. The British economy is in bad shape. How you have the time to be here I don't know. Sit down and I will call you later."

Professor Smith, contemplating the battery of proposals put down by Lonrho, said "why the hell doesn't Lonrho work with us for the prosperity of the House of Fraser? Professor Smith and his hoard defeated the Lonrho resolutions but Lonrho looked set to defeat two special, and fairly unimportant resolutions proposed by the Fraser board. Lonrho insisted that all the votes of shareholders must be subject to a full count. The results will be announced today.

Argentine parties press for economic reforms

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

ARGENTINA'S five main political parties yesterday called for widespread changes in the running of the country's economy. They warned the military leadership that the Argentine public would no longer tolerate a military government which reduced living standards and plunged the country into the gravest crisis in its history.

Amid continued political tensions and uncertainties, the parties, grouped into the loose "Multipartidaria" Alliance, published a detailed "programme for national reconstruction" believed by many observers to be highly inflationary.

The move came as the parties agreed to meet General Reynaldo Bignone, the retired officer nominated by the Army on Tuesday to become President on July 1. The alliance includes the Peronists and the moderate Radicals who together are calculated to command the loyalties of a majority of the population.

The specific economic measures demanded in the programme include re-financing the foreign debt, increasing consumption, exports and investment by raising wages and cutting borrowing rates, and helping companies in financial difficulties and people owing tax and social security payments.

The parties also propose credits and incentives for agriculture and industry with special emphasis on oil and gas, regional development and cheap housing. A temporary ban on local imports, across the board wage and pension rises, and an incomes policy tied to increased spending on health, education and housing, are also proposed.

A multiple foreign exchange rate would stimulate exports and halt unnecessary imports while incentives could be given to the export of manufactured goods say the parties. They also want trade with Latin America and Communist countries to take priority.

The parties call for a reduction of public expenditure by the de-nationalisation of unnecessary public sector enterprises. They also propose tax reform with relief for earned income, domestic necessities and productive investment.

In the political sphere, the "multipartidaria" calls for the lifting of the state of siege and the ban on political parties and trade union activities and the announcement of dates for elections.

The programme goes against the known orthodox economic persuasion of Gen Bignone. He has however refused so far to announce his future economic strategies or the name of his choice to succeed Dr Roberto Alemann, the Economy Minister, who tendered his resignation last week.

Many observers, however, think that political peace is dependent on the acceptance by the Army of at least some of the demands.

● Mr Andrew Graham-Yooll, the Latin American specialist of The Guardian left Argentina yesterday after being beaten and kicked by unidentified assailants at 2 am on Wednesday morning. A few minutes after Wednesday's attack a man tried to force his way into the room of Mr Hugh O'Shaubnessy, The Financial Times Latin American correspondent. A man was detained but has not as far as is known, been charged.

Thatcher facing Falklands row

BY PETER RIDDELL, POLITICAL EDITOR

MRS MARGARET THATCHER faces a growing cow at Westminster, both over the form of the promised official inquiry into the origins of the Falklands crisis and her actions in the weeks before the Argentine invasion of the islands.

This became clear yesterday when the Prime Minister reported on her flying visit to the U.S. She stressed more emphatically than before that "Britain would in due course seek to bring the islanda to full self-government." She noted, however, that the islanders would be occupied for some time with reconstruction.

The Prime Minister also said she had not talked very much with President Ronald Reagan about the possibility of a multi-national force for the islands, which she thought was some way off.

Considerable divisions have appeared between Mrs Thatcher and Opposition leaders about the Falklands inquiry. She prefers an inquiry by three people, either existing Privy Councillors or distinguished people who would become such for the inquiry in order to see secret papers.

One member and the chairperson should be nominated by the government, the other by the Labour Party. Judges and former Prime Ministers have apparently been ruled out.

One member might be a distinguished historian. The name of Lord Dacre (the former Mr Hugh Trevor-Roper; Master of Peterhouse, Cambridge) has been mentioned at Westminster.

Hrs Thatcher wants the inquiry to report within a few months, and to concentrate on the policies of successive governments since 1965 in order to put the events before the invasion into context.

Mr Foot will tell her that Labour disagrees with these suggested terms of reference. It also wants a rapid inquiry, to report within a few weeks, to conceotrate primarily on the events, not the policies, before the invasion of the islands, and to establish where responsibility lies in the government.

If Mrs Thatcher were not to make significant concessions, Mr Foot would be prepared to force a debate and a vote in the Commons on the issue.

Weather

UK TODAY

CLOUDY with outbreaks of rain. Cool.

N.E. Scotland, Orkney, Shetland, Central Highlands.
Mostly dry, bright intervals. Max. 16C. (61F.).

Rest of UK.
Rain, heavy at times. Clearer weather spreading from West. Max. 18C. (61F.).

Outlook: Unsettled, rather cool.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio		—	—	L. Ang.†	C	15	61
Algiers	S	29	84	Luxmbg.	F	16	61
Amsdm.	C	16	61	Luxor	S	43	108
Athens	S	30	86	Madrid	S	27	81
Bahrain	S	36	97	Majorca	S	30	86
Barclne.	S	24	75	Malaga	S	26	79
Beirut		—	—	Malta	S	37	99
Belfast	R	13	55	M'chstr.	C	14	57
Belgrd.	S	27	81	Melbne.	S	12	54
Berlin	C	20	68	Mx. C.†		—	—
Biarritz	S	26	79	Miami†	F	24	75
Bmghm.	C	14	57	Milan	S	28	82
Blackpl.	R	14	57	Montrl.†	S	14	57
Bordx.	S	25	77	Moscow	F	19	66
Boulgn.	C	18	64	Munich	S	21	70
Bristol	C	18	64	Nairobi	C	24	75
Brussels	C	16	61	Naples	S	34	93
Budpst.	C	19	66	Nassau		—	—
Cairo	S	36	97	Nwcstl.	C	12	54
Cardiff	C	19	66	N York†	S	17	63
Cas'b'ca	F	22	72	Nice	S	24	75
Cape T.		—	—	Nicosia	S	31	88
Chicg.†	S	16	61	Oporto	F	17	63
Cologne	C	17	63	Oslo	S	18	64
Cpnhgn.	R	14	57	Paris	C	20	68
Corfu	S	32	90	Perth	C	17	63
Denver†	C	13	55	Prague	F	21	70
Dublin	F	16	61	Reykjvk.	C	12	54
Dbrvnk.	S	30	86	Rhodes	S	30	86
Ednbgh.	C	12	54	Rio J'o†		—	—
Faro	S	22	72	Rome	S	30	86
Florence	S	30	86	Salzbrg.	S	22	72
Frankft.	F	20	68	S F'cisc†		—	—
Funchal		—	—	S. Moritz		—	—
Geneva	S	22	72	Singapr.	S	32	90
Gibraltar	S	22	72	S'tiago†		—	—
Glasgow	C	12	54	Stckhm.	C	16	61
G'nsey	C	15	59	Strasbg.	S	22	72
Helsinki	S	15	59	Sydney	S	14	57
H. Kong	C	25	77	Tangier	S	23	73
Innsbrk.	S	21	70	Tel Aviv	S	27	81
Invrnss.	S	13	55	Tenerife	S	18	64
I o.Man	R	12	54	Tokyo	R	18	64
Istanbul	S	27	81	T'ronto†	S	13	55
Jersey	F	19	66	Tunis	S	43	108
Jo'burg	S	19	66	Valencia	F	25	77
L. Pims.	S	24	75	Venice	C	26	79
Lisbon	S	21	70	Vienna	S	23	77
Locarno	S	25	77	Warsaw	S	22	72
London	C	17	63	Zurich	S	21	70

C—Cloudy. F—Fair. R—Rain. S—Sunny. † Noon GMT temperatures.

IBM

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used the FBI investigation to knock out competition.

IBM is facing increasing competition in the main-frame computer market from both Japanese and U.S. companies. Two major IBM competitors are National Advance Systems, which sells Hitachi computers in the U.S., and Amdahl Corpiration, which is tied financially and through technology-exchange agreements with Toshiba, another Japanese computer maker.

Japanese computer makers, including Hitachi and Mitsubishi, are also major IBM competitors. In the Japanese market IBM has lost its position as the number one supplier of main-frame computers.

Charles Smith in Tokyo writes: Mitsubishi Electric Corporation, which originally described charges by the U.S. FBI that it had conspired to have technical information stolen from IB Mas a "terrible mistake." admitted yesterday it had received material relating to IBM computers from a Californian consultancy agency.

The source of the material, Glenmar Associates, was the same as that mentioned in earlier statements by Hitachi, the other comapny mentioned in the charges.

Tube

Continued from Page 1

vices which has been operating during the past four days of disruption.

The NUR decision came soon after the Associated Society of Locomotive Engineers and Firemen (Aslef) called off its official strike over service cuts, which began on Monday night. Aslef has 2,000 underground drivers — more than half the total — but it called off its strike only on the condition that agreement be reached with the other unions. The third rail union, the Transport Salaried Staffs' Association, also agreed yesterday to return to normal work.

LT said last night that it would be impossible to run any service today, unless a large number of NUR members were to reject the strike call. As well as guards and drivers, theNUR also has signalment among its 14,000 members — nearly three-quarters of the total Underground staff.

NUR members have been refusing to operote timetables introduced by LT on Monday. Unlike Aslef, they have not been on official strike but have been sent home by management.

Foot braves growing Militant storm

BY ELINOR GOODMAN

MR MICHAEL FOOT, the Labour leader, last night appeared to rule out any chance of the Trotskyiat Militant Tendency organisation remaining in the Labour Party after the autumn. He made it clear that he we prepared to ride out the gathering storm of protest from the party's far Left.

In an interview on Thames Television, Mr Foot showed a new determination to follow through the exclusion of Militaot to the bitter end by, if necessary, taking steps to prevent those Militant members already selected as Labour candidates from standing for the party at the next election.

Immediately after the National Executive Committee's decision on Thursday to set up a register of groupa eligible for Labour membership, there were indications that some way of accommodating Militant might yet be found. But despite a mounting outcry from the far Left yesterday, Mr Foot said that, as presently constituted, Militant was a "secret conspiracy" which could not be part of the party. He could not see how they could "alter their nature" and comply with the ruls of the party.

If, as he expected, Millitant was still found to be in breach of theparty rules in three months, then those people who had been "misled" by the mwould have the straight choice of supporting Militant or the Labour Party. The choice would be theirs. "We cannot allow our constitution to be destroyed by a tiny number of people."

The same choice would have to be made by those seven local parties which have already selected members of Militant as candidates, even though any move to displace them is likely to strengthen constituency opposition to the moves against Militant.

Mr Foot's problems are expected to be compounded tonight when an eighth Militant member is almost certain to be selected in place of the sitting Labour MP for Brodford North, Mr Ben Ford. Mr Foot yesterday urged the local party not to vote for Mr Pat Wall, but his appeal does not seem likely to cut much ice.

He was also highly contemptuous of Mr Tony Benn, rejecting any idea that Mr Benn would become party leader, and insisted that he himself would lead Labour into the next election.

This new apparently tough attitude towards Militant will come as a relief to many Labour MPs, but it will increase Mr Foot's problems with the Far Left, which made it clear yesterday that it would fight a highly divisive campaign over the next three months to prevent conference approving the move to exclude Militant.

An editorial in Tribune newspaper, which has recently been taken over by supporters of Mr Benn, warned against reopening the "civil war which has engulfed the party for the past three years."

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